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NEWS SUMMARY

GENERAL

Marathon jury finds 2 guilty of riots

The jury in the Terry May murder trial yesterday convicted two more men for their part in the riots in Thornton Heath, London, last summer. With three verdicts to come, the jurors were spending their eighth night in a London hotel—breaking the record for the time a jury has spent in its deliberations.

One youth still faces a charge of murdering 19-year-old cripple Mr Terry May, who was kicked and stabbed in the rioting. Another youth has already been convicted of his manslaughter.

Strike vote row

Union leaders urged 3,300 workers on strike at the Massey Ferguson tractor plant in Coventry to boycott a secret ballot on a return to work. Back Page

Hospitals warning

Health service workers are threatening to ban non-emergency hospital admissions from April 26 in action over their 12 per cent pay claim. Page 7

'Battle stars' call

The U.S. should give priority to deploy battle platforms in space armed with laser beam weapons, the General Accounting Office, the investigative arm of Congress, has urged. The Pentagon wants to spend $285bn (£161bn) on laser development next year.

War and peace

The Soviet Union has hit back at the peace movement in Western Europe for criticising the Soviet nuclear build-up. Page 2

Ceausescu tour

President Nicolae Ceausescu of Romania arrived in Peking for talks expected to embrace Sino-Soviet relations. Page 2

Namibia anger

South Africa attacked the "provocative" appointment of Indian diplomat Brajesh Mishra as UN commissioner for Namibia.

Dancers defect

Eleven Polish dancers have defected to Canada and predicted more members of their troupe would join them. In Warsaw, a rebel radio station named Solidarity has urged Poles to support prisoners held by the military rulers.

Mother held

Elaine Morris, 31, was remanded in custody at Fleetwood, Lancs, charged with murdering her two daughters and 16-month-old son over the weekend.

Plane deaths

A U.S. Air Force transport plane crashed, killing all 27 on board, in the mountains of East Turkey.

Bribes sentence

Turkey's Supreme Court jailed Hilmi Izgucur for nearly 10 years for corruption when he was a Cabinet minister.

L of a fright

A driving lesson came to an emergency halt in Sherwood, Nottingham, when a streaker ran down the middle of the road and jumped onto the car bonnet. The streaker hurt his finger.

Briefly . . .

Telephone links with Portugal were cut as operators there began four-day strike.

Bomb caused $30,000 (£17,000) of damage to motor pool of U.S. army base near Frankfurt.

Fire left 3,000 people homeless in Rangoon.

BUSINESS

Equities weaker; gilts and £ steady

● EQUITIES weakened after the Easter holiday, with sentiment dominated by the Falklands crisis in thin trading. The FT 30-share index fell 8.7 to 551.6. Page 34

● GILTS were more stable aided by sterling's steadiness, closing mixed. The FT Government Securities index shed 0.06 at 66.70. Page 34

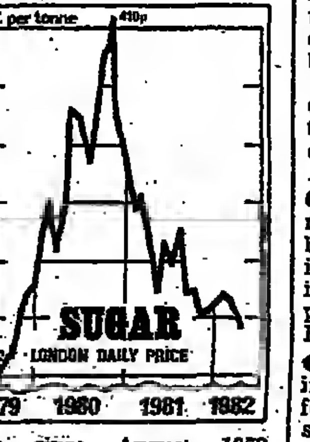
● STERLING closed at $1.7645 ($1.771), DM 4.26 (DM 4.26), FFr 11.0325 (FFr 11.0725), Y435 (Y437) and SwFr 3.46 (SwFr 3.5). Its trade-weighted index was 90.0 (90.0). Page 25

● DOLLAR eased on interest rate trends to DM 2.412 (DM 2.4225), Y246.5 (Y243.5), SwFr 1.96 (SwFr 1.99) and FFr 6.2525 (FFr 6.3). Its index was 116.2 (116.7). Page 25

● GOLD rose $2.75 to $356.75 in London. Page 25

● WALL STREET was up 3.81 at 845.13 shortly before the close. Page 32

● RAW SUGAR price fell £4 to £141 a tonne in London, the



lowest since August 1979. August futures fell £1.5 to £151.575 a tonne. Page 33

● SOVIET BLOC banks have had to reduce their operations on western money markets as a result of growing concern about debts incurred. Back Page

● JAPANESE CAR makers may be heading for their worst sales decline since 1973 because of sluggish demand. Page 4

● BL has launched a turbo-charged Rover car powered by an Italian 2.4 litre diesel engine. Page 6

● JAPAN is expected to offer France trade concessions to reduce the bilateral trade surplus of £555m on the eve of President Mitterrand's state visit to Tokyo. Page 5

● FOSTER WHEELER Energy and Foster Wheeler (Process Plants), two UK subsidiaries of the U.S. Foster Wheeler group, have won a £465m contract for oil refinery works in Thailand. Back Page

● NESTLE, the Swiss parent company of Nestlé group, recommends a record 1981 dividend of SwFr 85 a share on profits ahead 11.3 per cent at SwFr 229.8m (£65.7m). Page 29

● BRITISH PETROLEUM is likely to sell its 15 per cent stake in the Beatrice oilfield. Page 26, Back Page and Lex.

● MINET HOLDINGS, the Lloyd's and general insurance broker, finished 1981 with pre-tax profits of £14.75m against £9.68m. Page 20

● DUFAY BITUMASTIC boosted 1981 pre-tax profits to £548,000 with sales up 13 per cent, but an exceptional item turned the year's result into a £226,000 loss against 1980's £40,000 profit. Page 24

● NORTHERN ENGINEERING Industries, the electrical and mechanical equipment manufacturer, boosted 1981 pre-tax profits by 26 per cent to £33.03m (£26.08m). Page 20; Lex, Back Page

● BANK OF SCOTLAND taxable profits for the year to February 28 rose £3.9m to £47.2m, despite a fall in the second half. Page 20. Lex, Back Page.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Automated Security	208	+	8
Hill (C.) of Bristol	110	+	15
James (Maurice)	28	+	3
Sotheby P. B.	300	+	10
Trafford Carpets	20	+	5
Tyzack (W. A.)	19½	+	3½
Victor Products	140	+	10
FALLS:			
BAT Inds.	402	−	8
Bank of Scotland	413	−	10
Barratt Devs.	264	−	7
Boss	218	−	6
Brown (J.)	54	−	2½
Cawoods	290	−	12
Channel Tunnel	88	−	42
Davy Corp.	134	−	5
Eagle Star	373	−	4
Grand Met.	207	−	6
Great Portland Ests.	170	−	6
Hambro Life	325	−	6
Hawker Siddeley	292	−	6
Hanlys	106	−	6
Land Securities	278	−	5
Lloyds Bank	415	−	8
Midland Bank	308	−	8
Plessey	370	−	7
Sun Alliance	802	−	8
Whitbread "A"	164	−	5
Clyde Pet.	100	−	5
Global Nat. Res.	790	−	40
Moray Firth	25	−	8
Cons. Gold Fields	388	−	7
RTZ	412	−	10

FALKLANDS PEACE SHUTTLE CONTINUES

Haig tables 'new ideas'

BY DAVID TONGE IN LONDON AND ANDREW WHITLEY IN BUENOS AIRES

BRITAIN and Argentina are considering further proposals to solve their dispute over the Falkland Islands, Mr Alexander Haig, the U.S. Secretary of State, said last night.

As he left London for Washington, after the sixth day of his shuttle diplomacy between the two sides, he rejected suggestions that his peace effort had broken down by announcing: "We have now received some new ideas." Mr Haig said he would return to Buenos Aires after reporting to President Reagan.

The substance of these ideas appears to involve a slight move by the Argentinians on their demand for sovereignty over the islands. Mr Haig discussed the latest Argentine proposals with Mr Francis Pym, the Foreign Secretary, before he left. The immediate British reaction was that things were now looking up very slightly, but that this was no time for easy optimism.

Reports in Buenos Aires indicated that the main fleet in Puerto Belgrano, the country's biggest naval base, was about to leave for Falklands waters, 1,000 miles to the south. Admiral Jorge Amaya, head of the Argentine navy, visited the fleet and declared it ready to sail "at a moment's notice."

The fleet returned to port after the invasion of the Falklands and in advance of the time on Monday morning when Britain began its blockade of the islands. After that deadline, the British Government said it would treat Argentine naval vessels in a zone around the Falklands as hostile.

The British task force now at sea is due to arrive in the area about a week from now.

Mrs Thatcher, the Prime Minister, has called a Cabinet meeting for this morning, ahead of the special session of Parliament called to discuss the crisis today. Mrs Thatcher is expected to describe to MPs the course of the negotiations in London during the past 36 hours, but she seems unlikely to give precise details of the options now on the table. Her basic message will be that Britain is insisting on implementation of the UN Security Council resolution number 502, calling for cessation of hostilities, withdrawal of Argentine forces and diplomatic efforts to solve the dispute.

Optimism on Monday that a way forward could be found was dispelled when the Argentine government told Mr Haig by telephone that its position had hardened over the crucial question of sovereignty over the islands. After 11 hours of talks at 10 Downing Street on Monday, Mr Haig said he would fly immediately to Buenos Aires. But, after further telephone conversations with Sr Nicanor Costa Mendez, the Argentine Foreign Minister, he decided to stay overnight in London.

Mr Haig spent 1½ hours with Mrs Thatcher yesterday morning, after which no agreement seemed in sight on three crucial questions. These were how the two countries should move from military confrontation to diplomatic negotiations, what the immediate status of the islands should be, and how the two countries would define their intentions in talks to be held on the future of the islands.

Mrs Thatcher was insisting that Britain would only discuss the status of the islands after an Argentine withdrawal. Argentina was saying it would only abide by resolution 502 if Britain were to cease its "hostilities" against Argentina.

Last night the Argentine Foreign Ministry released the text of a note it had presented to the Security Council on Monday night to accuse Britain of breaching the provisions of the resolution by sending "a great war fleet" into the South Atlantic and initiating a naval blockade of the Falklands. It also accused Britain of "economic aggression" against Argentina through its trade ban and freeze on assets and its encou-

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Invasion aftermath, Page 4
City nervous, Back Page

Argentine assets guidelines issued

BY WILLIAM HALL AND ALAN FRIEDMAN

THE Bank of England has issued detailed guidelines on implementing the UK Government's decision to block Argentine assets in the UK. For the first time it has formally indicated the types of transactions prohibited, and in some cases permitted, under the embargo.

The main points of the Bank of England notice, which is intended to clarify the statutory order laid before Parliament on April 3, are:

● British banks may not extend new loans to Argentine borrowers and no further drawings are to be allowed on existing loans without the express permission of the Bank of England.

● Recognised UK banks, including the London branches of foreign banks—may continue to act as agents for syndicated loans to Argentina and may distribute capital repayments and interest payments to syndicate members only if the necessary funds are received from outside the UK.

● The freeze on Argentine assets does not apply to the overseas branches of UK banks.

● The Bank of England will look sympathetically on applications to allow money in Argentine accounts in London to be used to pay for living expenses and cases of hardship.

● Permission will not be given for payments by banks in the UK in connection with the operation of vessels and aircraft owned by or on charter to Argentines.

● The Bank of England will consider applications from fund managers who wish to continue managing discretionary portfolios on behalf of Argentines;

● Irrevocable credits opened before April 3 to cover trade with Argentina will be honoured.

The Bank of England's notice is being circulated to several thousand bank branches and other interested parties in the UK.

Following legal advice the Bank and Treasury decided that it could not be enforced on the overseas branches of UK banks, although they are expected to abide by the spirit of the guidelines.

Several banks had expressed concern at the delay in producing official guidelines. It is evident that the British authorities have been uncertain about what they could enforce under the emergency powers last used during the Rhodesia crisis.

The Bank of England's guidelines on syndicated loans and other forms of credits will clarify several points for Eurobankers. It is not clear however, that the formal notice will allay growing fears among international bankers over the financial and legal implications of Britain's conflict with Argentina.

Although the Bank's guidelines cannot prevent banks outside the UK from doing business with Argentine borrowers, the international banking community has already taken its own cautious view of new loans for Argentina.

Bankers appear to agree that Argentina's 1982 borrowing needs—around $7bn (£4bn)—could be dealt a sharp blow by the Bank's measures and by the reluctance of the banking community to approve any new money for Argentina. Many of Argentina's Euromarket borrowings come under the Bank's jurisdiction, albeit indirectly in some cases, because of the prominent role of UK banks as agents and loan syndicate members.

EEC ban likely to be delayed

BY GILES MERRITT IN BRUSSELS

BRITAIN'S EEC partners seem unlikely to reach agreement today on the immediate enforcement of the imports ban against Argentina that was agreed over Easter.

The special meeting of EEC member states' ambassadors expected to rubber-stamp the April 10 sanctions pledge is instead to be confronted with legal and procedural difficulties that could involve damaging delays.

Doubts over the speed with which the EEC's ban on Argentinian goods will be implemented yesterday began to cloud the UK's earlier diplomatic victory. It is also feared that a European Commission proposal limiting the ban to a fortnight could erode its effectiveness.

Although the recent commitment to a trade embargo given by other European Community Governments has been hailed as a major diplomatic triumph for the UK, a number of unresolved questions have emerged that could slow its implementation.

British officials reject suggestions by some European Commission experts that the political commitment of the UK's Community partners to a total EEC imports ban is not irrevocable.

But it has become clear that detailed negotiations about the terms of the ban and its legal basis will be required between EEC member states and the Brussels Commission before the ban can be declared.

The Commission plans to table a proposal at today's talks in which the ban would be based on Article 113 of the Treaty of Rome—making it a single supranational Community measure—but including a

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Money Markets, Page 25
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Public borrowing below forecast

BY ROBIN PAULEY

CENTRAL government borrowing in 1981-82 was £1.18bn less than forecast in the Budget five weeks ago. This indicates that total public sector borrowing for the year is also likely to undershoot the Budget forecast of £10.5bn, by about £1bn.

These results have been achieved in spite of the Government having to pay an extra £500m in interest on extra borrowing caused by the civil servants' strike, which held up large-scale tax payments.

Figures published by the Treasury yesterday, indicate how tightly the economy has been squeezed by the Government. In the 1981 Budget, the projection for central government borrowing in 1981-82 was £11.5bn. This had fallen by last month to £8.75bn. The actual year-end figure is £7.56bn. Interest rates, however, the main target of the original public sector borrowing requirement policy, have failed to fall sharply, although the Government could argue that they would have been even higher if public borrowing had been higher.

The Government is not clear about the reasons for the extent of the shortfall in the year-end figures, which have always been difficult to predict.

The two main factors in the reduced borrowing have been £368m more than expected in Inland Revenue receipts, while government departments have spent £637m less than forecast on supply services—the main spending programme.

Most government departments appear not to have embarked at the end of the financial year on the traditional spending sprees which offset caution in earlier months.

Local authority borrowing from the Public Works Loan Board has also been depressed, with councils underspending their capital account allocations throughout the year.

Nationalised industries and public corporations have also borrowed less from the Government, having been more inclined to use banks.

In detail, the figures show that consolidated fund revenue—the bulk of Government receipts—was £76.75bn in 1981-1982, £467m more than forecast in the Budget and a rise of £10.5bn, or 16 per cent, over 1980-81. The monthly figure for March was £10.57bn, which is £2.68bn more than in March 1981. This large increase is partly due to higher tax and Customs and Excise receipts, and partly to a refund of £813m from the EEC Budget—three times the size of the Budget refund credited in March 1981.

£ in New York

—	April 12	previous
Spot	$1.7565-7700	$1.7545-7555
1 month	0.35-0.40 pm	0.36-0.40 pm
3 months	0.84-0.89 pm	0.86-0.91 pm
12 months	2.40-2.50 pm	2.55-2.70 pm

Moslem states to stage protest shutdown today

BY JAMES DORSEY IN KUWAIT AND MARY FRINGS IN BAHRAIN

A SHUTDOWN of government offices, banks, airports and telephone and telex links has been decreed by Arab Gulf states and other Moslem countries for today in solidarity with Palestinians living under Israeli occupation.

The call for the stoppage was made by King Khaled of Saudi Arabia following Sunday's shooting incident in Jerusalem. An American Jew in Israeli army uniform opened fire on mainly Moslem worshippers on the sacred Temple Mount, the Moslem world's third most sacred shrine. Two Arabs were killed in the shooting and another 20 people were wounded.

Most official life in Saudi Arabia will be halted today and Kuwait has declared that it will isolate itself from the outside world.

The impact of the strike will vary from country to country. Airports in Saudi Arabia, Kuwait, United Arab Emirates, Qatar and Bahrain are expected to be shut to all flights for 12 hours from 0300 GMT.

International telephone and telex services in those five countries—which are linked in the Gulf Co-operation Council—are also likely to be interrupted.

All government ministries in the five countries will also be shut, as will banks and other official organisations. It is not clear whether shops and other businesses will be closed.

Saudi Arabia reported that Iran, with which relations are badly strained, had also agreed to participate. Following a meeting with the Saudi ambassador in Tehran, Iranian Prime Minister Ali Khameini said his country would honour King Khaled's request.

The strike will also be observed in Jordan, Syria, parts of Lebanon and Morocco. Pakistan has said all government offices and private businesses will comply with King Khaled's call but its international airline and other transport services will stage only a 30-minute stoppage.

A seven-year-old Palestinian boy died yesterday in rioting that has broken out on the West Bank and Gaza since Sunday's shooting. The boy was killed when Israeli troops opened fire into a crowd of demonstrators in Gaza.

Moslem anger at Sunday's incident in Jerusalem has been reflected in Press comment. The English-language Jordan Times said that it was time the Americans and Israelis "dropped the false idea that there is a substantive difference between the work of this gunman and the impact on the Palestinians of the American-financed and American-backed policies of the Israeli occupation authorities during the past 15 years."

Other newspapers called for a holy war to drive the Israelis out of Palestine and a Kuwaiti newspaper claimed that today's strike was "the beginning of a comprehensive confrontation against the enemy."

Publications in the conservative United Arab Emirates suggested that a boycott should be imposed on the U.S. "because America supplies arms to Israel to kill our people."

In New York the UN Security Council agreed to debate Sunday's shooting in East Jerusalem. The meeting was requested by Morocco.

U.S. move to sell spare parts to Taiwan

BE REGINALD DALE

THE REAGAN administration yesterday risked a serious deterioration of U.S. relations with Peking by moving ahead formally with its plan to sell $60m worth of military supplies and spare parts to Taiwan. China has threatened to downgrade its relations with Washington — possibly by withdrawing its Ambassador — if the U.S. continues military sales to Taiwan.

The Pentagon announced that the plan had been submitted to Congress, but stressed the sale would not affect the "basic military balance in the region." The supplies and spare parts represented Taiwan's expected logistic requirements for one year it said.

The State Department said Peking had been informed of the decision, but the department refused to comment on the Chinese reaction. Officials confirmed that "sensitive discussions" with Peking were continuing.

The Administration insisted that no weapons or ammunition were involved in the sale, which is intended primarily to maintain Taiwan's ageing fleet of U.S.-built F-5E, F-100 and F-104 fighters. The sale represented no change in U.S. policy, the State Department said.

China regards any American

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EUROPEAN NEWS

U.S. 'wants more Bonn support'

BY JONATHAN CARR IN BONN

MR ARTHUR BURNS, the U.S. ambassador to Bonn, has made an outspoken appeal for more West German support and understanding for U.S. foreign policy in Nato and beyond.

Mr Burns made clear that on issues ranging from El Salvador through the Polish crisis to the Persian Gulf and its oil supplies, Washington had not received as much backing from Bonn as it hoped for.

His statement, made last week in Washington to the House foreign affairs subcommittee on Europe, was officially released in Bonn yesterday by the U.S. embassy.

Such public criticisms would be regarded as unprecedented had they come from any other ambassador here, but Mr Burns has made plain since his appointment last year that he is determined to speak out.

He caused a furore earlier this year when he told the West German foreign policy association that if U.S. troops were not wanted in Europe then they would be withdrawn.

In his latest remarks, Mr Burns emphasised that he believed West Germany to be "a loyal, dependable ally" and that future good relations depended on greater sensitivity from both sides.

But he also said: "It would be wise for the Germans to consider more carefully the complexities the U.S. often faces in providing leadership for the alliance and in taking actions in other areas of the world.

"From an American viewpoint the German Government has not been helpful on some issues where American interests are directly and heavily involved, as in the case of El Salvador.

"The American Government feels that Germany needs to do more, together with other allies, to show displeasure over the repression engineered by the Soviets in Poland," Mr Burns said.

He added that since West Germany was heavily dependent on imports of Middle East oil, it should play a bigger role in supporting U.S. policy there.

"Our Government is also inclined to believe that the German leadership should assume a larger burden of political responsibility in explaining agreed alliance policies to its own public," the ambassador said.

Mr Burns noted that West Germany, like the U.S., believed in showing firmness towards the Soviet Union.

Schmidt still popular, but party at low ebb

BY JONATHAN CARR IN BONN

WEST GERMANY'S ruling Social Democrat Party (SPD) will begin its crucial congress in Munich next week knowing that its popularity with the electorate is at its lowest ebb for more than a decade.

A detailed opinion poll also shows that Chancellor Helmut Schmidt's standing with the voters is falling too, though he remains the country's most popular politician.

These points emerge from a survey carried out by the Emnid Opinion Research Institute of Bielefeld at the end of March and published in this week's edition of the magazine Der Spiegel.

The results are not unexpected, coming after disastrous results for the SPD last month in local elections in Schleswig Holstein and in the state Parliament poll in Lower Saxony.

Nonetheless, they underline just how much the SPD has slipped country-wide since it gained 42.9 per cent of the vote at the last general election in October, 1980.

Party leaders are urging that the congress must stop the rot if the SPD is to survive in office.

According to Emnid, if a general election were to be held now, the opposition Christian Democrats (CDU) and their Bavarian allies, the Christian Social Union (CSU), would win 50 per cent of the vote compared with 44.5 per cent at the last election.

The SPD would win only 33 per cent — an even lower level of support than the party had in the dismal first months of 1974 immediately preceding Herr Willy Brandt's resignation as Chancellor.

The Liberal Free Democrats (FDP), partner of the SPD in the Bonn coalition, are holding up surprisingly well. They would gain 10 per cent of the vote now, compared with 10.6 per cent at the last election.

However, it is clear that all the established parties must cope with the possible entry to the federal Parliament of the "Greens," the ecological party which is capturing part of the broader protest vote.

The Emnid poll shows that the Green would gain 6 per cent of the national vote, clearing the 5 per cent hurdle needed to achieve parliamentary representation.

Soviet attack on W. European peace groups

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION for the first time has openely attacked the peace movement in Western Europe for criticising the Soviet nuclear build-up.

This is in sharp contrast with Moscow's previous enthusiasm for the movement.

A strong group in the West German anti-nuclear movement has meanwhile called for a complete split with the pro-Moscow West German Communist Party (DKP) which it called an "agency of the other bloc."

Mr Konstantin Sarodov, a senior Soviet spokesman, who is editor of a communist ideological journal published in Prague, said it was wrong to believe that Nato and the Warsaw Pact were "jointly and equally responsible" for the arms race.

He said this view was threatening to "split the peace forces" and was being countered by "communists with a class-like analysis" of the situation.

The unexpected Soviet criticism of the peace movement came as one of the largest sections of the West German anti-nuclear movement, the "Greens," refused to join the West German communists in a joint demonstration on June 10 against President Reagan when he visits Bonn.

Many of the ecology and citizens groups, as well as church organisations, which launched the German peace movement last year are reacting angrily to what they see as Soviet and East German attempts to steer the movement in a pro-Moscow direction.

One of these groups, the Alternative List Party, protested yesterday against a communist dominated peace march in West Berlin on Monday which refused to allow a message to be read from the Bertrand Russell Foundation. The message called for co-operation and support between the peace movements in Western and Eastern Europe.

The West German anti-nuclear movement is distressed by a rigourous clampdown on the budding peace forces in East Germany. The authorities there continue to harass young East Germans who wear badges depicting a sword and a plough which stands for the biblical admonition to turn swords into ploughshares.

East Germany's Protestant Church circulated an open letter over Easter accusing the Communist Government of repressing freedom of belief by banning the anti-nuclear movement in East Germany.

Record Italian trade deficit

By Rupert Cornwell in Rome

ITALY'S hopes of stabilising its economy have received a severe setback with the publication of a record monthly trade deficit for February of L2,931bn (£1.25bn). This was far worse than anticipated, and exactly double the deficit for the same month in 1981.

The latest figures mean that during the first two months of this year the country's foreign trade shortfall totalled L4,547bn —half as bad again as last year, when the Rome authorities were forced to impose an emergency import deposit scheme.

The worsening reflects in some measure unusually large imports of raw materials as industry rebuilt its stocks after the abolition of that deposit scheme at the start of February.

As a heavy importer of oil, moreover, the country has been particularly penalised by the rise of the dollar against the lira, which has far more than outweighed the dollar price decline of crude oil.

Most worrying of all to the Government are the signs that the dynamism shown by Italian exports in the latter half of 1981 may have petered out. While imports in money terms rose 41 per cent from February 1981 to stand at L10.516bn, exports climbed only 28 per cent to L7.585bn.

The trade returns have rekindled fears for the lira, which remains pinned in the lower half of the European Monetary System (EMS). While the French franc has absorbed the worst of speculative fire in recent weeks, the Bank of Italy is believed to have been obliged to make costly interventions to defend the currency.

While inflation has declined to only 16 per cent from a peak last year of 21 per cent, the prospects for government action to bring the economy into better balance have been jeopardised by mounting political uncertainties, as the parties manoeuvre ahead of expected early elections.

Feuding between the five coalition partners in the current Administration of Sig Giovanni Spadolini has meant that seven months after its presentation to Parliament the 1982 Finance Bill is still not on the statute book.

Increase in French car sales confirms market improvement

BY TERRY DODSWORTH IN PARIS

A SPECTACULAR upturn in French car registrations in March, when sales rose by 25 per cent compared with last year, has confirmed the improvement in the market which began late last year.

The provisional Mareb figures follow a period of steadily increasing production by French manufacturers and a return to virtual full-time working throughout the industry. Although there are some fears that sales may have been artificially stimulated by recent vigorous marketing campaigns and the Government's reflationary policies, the French manufacturers are now showing more optimism than at any time for the past two years.

The statistics also show that the Peugeot group, comprising Peugeot, Citroen and Talbot, is steadily improving its position after a two-year slump that pushed it into heavy losses. All three divisions of the company increased their sales last month, with Talbot registrations more than doubling to 15,800 units.

The March registrations, at 228,000 units, compare with first-quarter figures of 526,000. These represent a 17.3 per cent rise on last year's performance, with the Peugeot group again marking up significant improvements, and Talbot sales up by 54 per cent to 33,000 cars.

Over the same three-month period, Peugeot itself has also made a strong recovery, lifting sales by 17.4 per cent to 71,000 units, while Citroen increased its registrations by 13.6 per cent to 73,000 cars.

The progress of Renault, the nationalised French manufacturer, has been less spectacular this year, at 12.5 per cent, but it continues to dominate the market, with 208,000 registrations—or almost 40 per cent of sales—over the first quarter.

While the French manufacturers were expecting some improvement in the market this year because of the normal replacement cycle, sales have also been boosted by the introduction of a number of new models. The Samba, for example, has undoubtedly helped Talbot, while Renault is benefiting from the launch of the Renault 9, which now has 8.9 per cent of the market.

At the same time, however, foreign manufacturers are consolidating their sales in France at about 27 per cent of the market. Because of the impact of French inflation, imports from West Germany have enjoyed a boom in the past two years, with Volkswagen and Ford benefiting particularly.

In March, imports were pushed back to only 25 per cent of sales, compared with 28 per cent in January, but the recent development of foreign manufacturers' sales networks in France indicates that they will continue to control between 25 and 30 per cent of the total market.

Lay-offs disrupt Renault

PARIS — the state-controlled Renault car group's decision over the weekend temporarily to lay off 6,900 workers at its car factory in Flins prompted sporadic work stoppages yesterday among the remaining workers at the plant, just outside Paris.

Renault management and union representatives were due to renew talks yesterday afternoon.

Renault announced the layoffs after about 2,000 assembly line workers walked off their jobs last Friday in protest over a new worker classification system. They are seeking the same status as skilled workers and higher wage benefits. The walkout reduced production to a trickle at the Flins plant.

The only major incident reported at the plant yesterday was a demonstration by 100 to 200 laid-off workers who walked through the factory, calling on fellow employees to walk out. The protest briefly disrupted assembly line operations, but work resumed after the demonstrators left.

AP-DJ

Yugoslav economy fails to meet targets

By Aleksandr Lebl in Belgrade

THE YUGOSLAV economy failed to meet its targets for a number of key areas in the first quarter of 1982.

Inflation was much higher than expected, and industrial production, exports and imports were all lower than planned.

The Government has, since early January, declared its determination to hold retail price increases down to 15 per cent this year—last year they were close to 40 per cent—and to keep the rise in the cost of living at 17 per cent. Industrial production was supposed to go up by 5.5 per cent, and the volume of exports by 8.5 per cent (12 per cent to the hard currency area) while the balance of payments deficit was to amount to not more than $500m.

In January-March this year, however, retail prices increased by 5.6 per cent, the equivalent of 22.4 per cent annually. The cost of living rose by 7.3 per cent, or 29.2 per cent at the annual rate. Industrial production figures for the first quarter have not yet been published, but in the first two months it was 2.6 per cent higher than in January-February, 1981. It is unlikely that March will bring a change in the downward trend, especially as industry has been experiencing problems with the shortage of imported materials.

Exports in the first quarter went up by 7 per cent in value. Taking export prices into account, the increase of exports to developed countries amounts to some 4 per cent in real terms. The volume of exports to those countries in the remaining nine months would thus have to go up by 15 per cent to meet the annual target of 12 per cent, an almost impossible achievement.

The trade deficit has been reduced by about 9 per cent in the first quarter, mainly by cutting back on imports. This has caused shortages, however, and forced manufacturers to reduce or even halt production.

There have also been borrowing difficulties, as foreign banks have been reluctant to lend. The National Bank of Yugoslavia and the government have been active in trying to enlist support abroad.

Polish Church advisers question Solidarity role

BY CHRISTOPHER BOBINSKI IN WARSAW

AN INFLUENTIAL group of Catholic advisers to Archbishop Jozef Glemp, Poland's Primate, has suggested that the independent trade union Solidarity should take a critical look at its responsibility for the country's present crisis and the introduction of martial law.

The Catholic group also suggests that in future the union should retain its autonomy but limit its political ambitions.

The suggestion comes in a report written by the "Primate's social council," an advisory group set up last year.

Given the present uncompromising mood of the authorities, even the moderate tenor of the document is unlikely to find much favour. But it could mark the beginning of a public debate about the events of the past 18 months which could lay the foundations of an agreement in the future.

Until now no such debate has been possible as the propaganda onslaught of the suspended union has meant that any criticism of its past actions has been seen as bowing to the authorities' will.

The report has been circulated to all the Polish bishops. The fact that Church officials have handed it to the Press means that Archbishop Glemp sees it as an extension of the Church's position in his relations with the authorities.

The Catholic group supports the reactivation of Solidarity. It also feels that the authorities should talk to the union's authentic representatives.

The report calls for the gradual freeing of the internees, an amnesty for those sentenced under martial law for trade union activity and safe conduct for those in hiding.

However, it goes no further than asking for a gradual lifting of martial law.

Ceausescu in Peking for talks

By David Buchan, Eastern Europe Correspondent

PRESIDENT Nicolae Ceausescu of Romania, the only East European country to stay neutral in the Sino-Soviet dispute, yesterday arrived in Peking for talks which are expected to include the Soviet Union's recent overtures towards China.

Despite China's rebuff of President Brezhnev's offer last month to normalise Soviet relations with Peking, Mr Ceausescu may attempt to be a bridge between the Chinese and the Soviets, some observers believe.

The Romanian leader, who is on his fourth trip to Peking, may have better bona fides as a potential mediator with China than with the Soviet Union, whose tail he has often tweaked by taking an independent foreign policy line from within the Warsaw Pact and Comecon.

However, struggling with economic problems, Mr Ceausescu has been seeking more oil and aid from the Soviet Union and some re-integration with the rest of Comecon.

President Ceausescu: possible bridge

Robert Graham in Madrid watches the unfolding of Spain's coup trial

High price of military honour

WHAT IS a hostage? Were the Spanish Members of Parliament hostages when they were held at gunpoint for 18 hours on the night of February 23, 1981 by members of the Guardia Civil? This question is no mere semantics: it provoked the most serious incident yet in the court martial for rebellion of 32 officers and one civilian that has been going on here since mid February.

When General Saenz de Santamaria, former head of the national police and now commander of the Valladolid military region, was recently called to give evidence he likened the seizure of Parliament to a hijacked aircraft in which the passengers were held hostage. At this one of the principal accused, General Jaime Milans del Bosch, stood up, first muttering and then exclaiming loudly: "I can't stand this any longer, it makes me sick and disgusted." Despite warnings from the presiding military judge, General Milans del Bosch then walked out, followed by three other accused, several defence lawyers and some of the public who were friends and relatives. The session was suspended.

When the session resumed next day, the presiding judge gave a firm call to order but no sanctions. Furthermore, General Saenz de Santamaria agreed to retract his "hijack and hostage" metaphor, admitting that it had had some unfortunate connotations. The ruffled feathers of the accused's honour appeared to be smoothed and the court was able to proceed. However, the incident once again left bemused feelings among the many of those who had suffered the indignity of Parliament's armed seizure. They had felt they were hostages in fear of their lives.

This incident also raised the question of exactly who is controlling events in the army ordance depot warehouse that is serving as a court room.

Earlier on in the trial, for example, the accused were able to force the court to eject a journalist because of an article they found offensive by the simple tactic of refusing to enter the hearing. The 17-man military tribunal acceded to their demand as it was unwilling to use the military police to force General Milans Del Bosch to stay in court. The dismissed journalist, however, was accompanied by military police.

Last week's walk out was staged as a seemingly deliberate insult to General Saenz de Santamaria who has aroused considerable antipathy within the military for his utter loyalty at the time of the attempted coup when he commanded the 45,000-strong national police force. The incident showed up the divisions within the armed forces created by the trial: one of the most respected army officers, General Milans del Bosch, showing open disrespect for a very senior serving commander. It was probably for this reason, in an effort not to have a wedge driven through the military establishment, that General Saenz de Santamaria agreed to retract what to many civilians would have seemed an accurate statement.

The court thus continues to be indulgent towards the accused. There appears to be little control on attendance. For instance, the one civilian, Sr Juan Garia Carres, a former Francoist union leader, has heart problems and attends irregularly but without apparent checks on his medical condition or giving any explanation to the court.

Colonel Antonio Tejero, the Guardia Civil officer who led the seizure of Parliament, was absent for two days with an unexplained illness last week. The first of these coincided with the appearance in the witness box of his former boss in the Guardia Civil, General Aramburu Topete. The latter recounted how, when he entered parliament on the night of February 23 to talk to Colonel Tejero, he was threatened with being shot.

Colonel Tejero's absence appeared to many to be diplomatic—even so General Aramburu's statement provoked a walk out by some of the public in protest. The next day, the last before the Easter break, Colonel Tejero was absent again, as were five others and most of the public. Early holidays in Spain seem to be ritually observed even in a court martial trying persons for attempting to overthrow the democratic order.

The court is currently hearing evidence from 69 witnesses—all called by the defence. None have been called by the prosecution. In the 30 sessions so far the actions of the accused have rarely been directly criticised and even the prosecution's questioning seems to forget at times that it is dealing with a rebellion.

Only the evidence of General Aramburu, General Saenz de Santamaria and the former chief of staff General Jose Gabeiras have made this clear. Several of the witnesses, serving generals included, have referred to various of the accused as "magnificent soldiers" and "men of honour." Indeed a good deal of what has been said is almost congratulatory.

Even so, the evidence has not painted an especially flattering picture of the workings of the main front line army division, the Brunete, quartered round Madrid. Either the court has heard little of the truth or the command structure of this key division, which has the power to control the capital, has vacillated between timid support for the coup attempt and sitting on the fence.

Perhaps the most important development in the evidence concerning the prosecution and sentencing has been the inability to pin anything on General Alfonso Armada—former military tutor of the King and, on the night of the coup, number two in the joint chiefs of staff. The prosecution is seeking a 30-year sentence for General Armada, along with General Milans del Bosch and Colonel Tejero, for being a ring leader of the coup.

General Armada has denied that he was to be the head of a military-imposed government, and a succession of generals have borne witness to his exemplary behaviour on the night of the coup. The defence of the other accused is that they were acting in the belief that General Armada was the key figure who had the backing of the King.

General Armada continues to remain apart from the rest of the accused, along with Colonel Cortina, an intelligence officer alleged to be his link man with Colonel Tejero. By appearing cool and aloof from any protests he seems determined to prove that his position is different.

Nor does he enjoy the same support from the crowd as do the others. The public, dressed as for a mix of the Chelsea Flower Show and a county point-to-point, provide important moral backing for the accused: they murmur, cluck, occasionally cheer or jeer and are able to get away with being little less than a latter-day Greek chorus.

It is scarcely dignified and adds further irony to the efforts by the Ministry of Defence to prosecute a leading Socialist deputy, Sr Alfonso Guerra, for saying before the trial began that it would be a farce.

Sr Santiago Carrillo, the Spanish Communist Party leader, has suffered a serious setback to his authority following a unanimous decision on Monday by dissident Catalan communists to break away from the official Catalan communist party (PSUC) and form their own political organisation, Jane Monahan writes from Madrid.

The new party—Partits dels Comnnistes de Catalonya (PCC)—rejects all formal links with the Spanish Communist Party (PCE). It disassociates itself from social and economic pacts that have been signed by the leaders of the communist trade union, the Confederation of Workers Commissions, and employers since democratic elections in 1977.

Delegates at the congress that preceded the setting-up of the PCC claim that the break is a rejection of the PSUC's alleged shift to social democrat positions. It is also a reaffirmation of the positions of the orthodox pro-Soviet communist Left based on the party's working class constituency.

Reflecting this, almost half the members of the new party's executive are also local leaders in the communist union.

The seizure of Parliament: four of the accused walked out of the coup trial at the suggestion that this was similar to hijacking an aircraft and holding the passengers hostage.

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Retail sales will stay sluggish says Baldrige

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

A FALL of 0.5 per cent in retail sales last month showed that the U.S. economy is "still flat on its back, if not still declining," the Commerce Department said.

Mr Malcolm Baldrige, the Commerce Secretray, predicted that the American retail trade will probably remain "sluggish" throughout the second quarter.

The gloomy forecast was underscored by a Federal Reserve Board report that outstanding consumer credit rose by only $75m in February, following an increase of $443m in January.

The Fed said that the February figure represented an annual growth rate of less than 0.5 per cent — against 1.6 per cent in January and 6.8 per cent for the whole of 1981.

The 0.5 per cent fall in March retail sales followed a 2.6 per cent increase in February, revised upwards from an original estimate of 1.6 per cent.

The March figure for total sales—$87.16bn—was just 1.2 per cent above March last year, without adjustment for inflation.

Mr Robert Ortner, the Commerce Department's chief economist said that if price changes were taken into account sales are down in real terms, "reflecting an economy going through recession." But the decline has not been as great as in the 1974-75 recession, officials said.

Mr Ortner said that there was no indication that the economy was rebounding, although he did not rule out the start of recovery in the April-June period as the Administration has constantly predicted.

He added, however, that high interest rates continued to "cast a pall" on both retail sales and the economy as a whole. High interest rates would remain a problem "for a little while."

The March figures showed that a decline in sales of non-durable goods offset a rise in sales of durable goods.

● Mr John Block, U.S. Secretary of Agriculture acknowledged yesterday that the plight of the American farmer, caught between high interest rates and falling prices, is "just terrible." But he said the future looked better with possible increased grain sales to the Soviet Union, South America and Asia.

Stewart Dalby, recently in Port-au-Prince, reports on the quality of life 11 years after 'Papa Doc'

Haiti's new Finance Minister faces a rough ride

SO PERSISTENT has been the image of Haiti as a small, impoverished country terrorised by a voodoo-influenced one-time country doctor, that 10 years after the death of President Francois "Papa Doc" Duvalier, it still comes as something of a surprise, not to say a great relief, to arrive at Port au Prince airport and not be greeted by a gunman in a floppy hat, mirrored dark glasses and cowboy boots.

The murderous "tontons macoutes," literally "ragged uncles," the black militia and secret police which Papa Doc — himself a black—built up to give him ascendancy over the mulatto-dominated army, has largely disappeared, from the streets of the capital, at least.

Thirty-year-old Jean-Claude "Baby Doc" Duvalier, who succeeded his father as president-for-life in 1971 is certainly repressive. There have been executions of would-be insurgents, widescale purges of the armed forces and various ministries and he has built up his own "leopard squadron" as a quasi-palace guard and anti-insurgent force.

Compared with the excesses of his father, however, Baby Doc appears only midly repressive according to diplomatic observers in the capital.

Some 50 opposition figures were arrested and jailed a year ago, but reports of widespread murder, torture and intimidation on the well-attested old scale are rare.

Haiti falls far short of being a tropical paradise, however. It is, with Honduras, easily the poorest country in the region and one of the poorest in the world. The American embassy's statistics in Port au Prince, the most reliable available, put per capita income in current prices in 1981 at U.S.$338 (£190).

This would be roughly one-third of what it is in the Dominican Republic which shares the island geographically but the figure almost certainly overstates the case. Some 80 per cent of the 6m population scratch a living as smallholders —the average plot size is 2 acres —coffee growers and subsistence farmers. If their existence can properly be translated into money terms the per capita income of over 80 per cent of the population is probably around $100 a year.

Put another way, over 80 per cent are below the internationally accepted poverty datum line. Illiteracy is put at 70 per cent, and unemployment insofar as it can properly be measured in a largely subsistence economy is at least 50 per cent of the workforce and probably more.

The poverty is not so evident in Port au Prince which, in terms of squalor and sheer human misery, does not begin to compare with Calcutta or Bombay or some Latin American capitals like Bogota. Just the briefest excursion into the countryside brings home how desperately poor Haiti is.

Malnutrition is written plain in the sunken eyes and puppet-like figures of the peasants working their pathetically small holdings. Agricultural yields are very low. This partly due to the minute fragmentation of the land holdings and to the fact that during Papa Doc's reign (from 1957 to 1971) Haiti was shunned by aid donors and international agencies.

In the very long term the high level of unemployment could be alleviated by foreign investment. In the 10 years since Papa Doc's death some 200 U.S. concerns have set up "transformation" industries. The best known are those companies making baseballs. These are hand sewn and Haitian baseballs account for more than 90 per cent of the U.S. market. The companies are attracted partly by tax holidays, but mostly by the fact that the minimum daily wage is $2.6 a day—easily the lowest in the Caribbean.

Total investment is $130m and some 65,000 jobs have been created. One of the largest investments—a bauxite concern called Haiti Reynolds—accounts for nearly half this investment total, and this is being wound up because poor prices for bauxite have made it uneconomic.

Baby Doc, whose islander's per capita income is about $100 a year

Companies are not investing at a fast enough rate, however, to solve the unemployment problem completely. Moreover, because the work force is largely uneducated, only the basic assembly industries are suitable. It seems Haiti is unlikely to become another Taiwan or Singapore, at least not in this century.

To this seemingly endemic poverty has to be added an immediate financial crisis. Haiti could run out of foreign exchange by the summer. It is foreign exchange which is needed for imports to feed the 1m urban population. The country, despite being overwhelmingly agricultural, is only 80 per cent sufficient in food.

Haiti is facing an immediate balance of payments problem which it seems only the IMF can solve. Like other poor Third World countries Haiti has been caught in the vice of rising costs for its energy and declining prices for its main exports, in Haiti's case, coffee and to a lesser extent bauxite.

The country's trade deficit for the calendar year 1981 was $133m. Haiti is scheduled to receive $142m in aid from various donors in 1982 but in reality will get only a fraction of this. The U.S. is easily the largest donor and this year is due to give $32m ($11m in project aid and $21m in food aid). There is considerable chagrin that of the $350m supplemental economic aid held out in President Reagan's Caribbean Basin initiative only $5m has been slated for Haiti.

Even with this aid, plus remittances from Haitians working abroad and the money missionaries and tourists bring in (estimated at between $20m and $40m a year) the country will still be some $40m short. There are no known reserves inside the country (although the currency remains extremely stable because of deposits in the U.S. where interest rates are high). It will have to be the International Monetary Fu[nd] which bridges the gap becau[se] the country cannot borrow co[m]mercially.

The most recent attempt [to] borrow abroad ended in ne[ar] farce when Mr Marc Bazin, t[he] new Finance Minister w[ho] worked for the World Bank [in] Washington for 11 years befo[re] returning to his native Hai[ti] had to cancel $3.2bn worth [of] privately placed long-ter[m] bonds. They were due to [be] taken up by some mysterio[us] Lebanese businessmen. T[he] GNP of Haiti is just $2bn.

The IMF is not totally aver[se] to giving Haiti further cred[it.] A grant amounting to $5[...] from its extended credit facili[ty] covered three years and ran o[ut] towards the end of last ye[ar.] There was also $20m in cont[in]gency aid. Unfortunately [in] 1981 Haiti spent some $20m ov[er] the budget.

Before the IMF gives furth[er] aid it is demanding reforms. [It] is not asking for the exchan[ge] rate to be changed (at f[ive] gourdes to the dollar it remai[ns] stable) or for sundry pri[ce] increases. What it is demandi[ng] is that Mr Bazin cut $20m fr[om] the scheduled budget.

This amounts to under 20 p[er] cent of the anticipated budg[et.] Mr Bazin will have to do [it] probably by better reven[ue] collection.

Mr Bazin could become ve[ry] unpopular. He seems confide[nt] he can pull it off, however.

Caracas cuts spending 10% to soften budget deficit

BY KIM FUAD IN CARACAS

VENEZUELA has slashed government spending by 10 per cent and almost tripled domestic petrol prices in an effort to soften the impact of an officially estimated $3.1bn (£1.7bn) budget deficit.

Opposition leaders, however, feel that President Luis Herrera Campins' economic measures are inadequate, and warn that the deficit, caused by a 700,000 barrel-per-day drop in oil output and a decline of more than $2 in export prices, may be twice as high as the Government claims.

In a complete reversal of earlier opposition to raising petrol prices, Dr Herrera announced that from May 1 premium petrol would rise by almost 300 per cent to 13p a litre, while low octane fuel would be doubled to 4p a litre.

The price increase which affects current consumption of 16.4m litres a day in Venezuela, is expected to provide almost $600m in additional revenues.

Dr Herrera also said that about $2bn would be trimmed from the country's $20bn 1982 national budget.

He did not explain, however, if the cuts would affect current or capital expenditures, but indicated that Venezuela would go ahead with a $600m purchase of F-16 aircraft as well as major industrial development projects.

He insisted that a proposed $700m food stamp project, benefiting about a quarter of Venezuela's 16m population, would be implemented.

Duarte party 'to work with Rightists'

SAN SALVADOR—Centrist and right-wing parties in El Salvador have agreed to form a Government of National Unity, Sr. Roberto D'Aubuisson, leader of the Nationalist Republican Alliance (Arena), said.

A basic accord had been reached in negotiations following last month's elections for a constituent assembly in El Salvador, he added.

Sr D'Aubuisson, gave no details of the shape of the new government, but confirmed the Christian Democrats would be included. Negotiations are said to be continuing over the composition of the Government and a candidate for President.

Reuter

Mobil may pull out of Libya

By Our New York Staff

MOBIL the second largest U.S. oil company wants to pull out of Libya because of declining profits and the deterioration of U.S.-Libyan relations. Only five months ago Exxon the leading U.S. oil company quit the country for similar reasons.

Mobil would not comment on its plans yesterday. However the company is reliably understood to have a team of negotiators in Tripoli who are trying to agree terms with the Libyans on compensation.

Mobil's operations in Libya consist mainly of a joint oil production venture with the Government in which Veba of West Germany is also a participant.

MONEY SUPPLY FIGURES

Fed uneasy about its 'croupier role'

BY DAVID LASCELLES IN NEW YORK

THEY CALL it the Friday afternoon crap shoot: the Federal Reserve Board's weekly Money Supply announcement which can send tremors through Wall Street and make or break countless bankers' weekends depending on whether they anticipated the number correctly.

But the Fed is uneasy about its croupier role and wants to change the way it announces the Money Supply figures, to make it less of a gamble.

The problem is that the weekly M-1 number is a hurriedly assembled figure which is crudely adjusted on a seasonal basis but can still easily be distorted by technical factors in the banking system — a phenomenon the Fed calls statistical "noise."

The Fed issues the number with a caveat that weekly changes in M-1 are not necessarily indicative of what is really going on.

But because the Fed's current monetary policy is keyed to the growth of M-1, Wall Street tends to take M-1 at its face value each week. A sharp rise can send the value of financial assets plummeting because it suggests the Fed will tighten credit policy to rein M-1 in.

Conversely, a sharp drop can trigger a vigorous rally. So a trader who guesses the Money Supply correctly can make vast sums of money: Hence the term "crap shoot."

The Fed has been mulling over a number of proposals to get round this problem, including issuing the raw data and allowing Wall Street to decide for itself what it means.

At a meeting on Monday it tentatively decided to publish a four-week moving average which it hopes will iron out some of the weekly ups and downs and provide a more reliable figure.

It may also put the announcement back an hour or two until the financial markets have closed for the weekend so that Wall Street will have a couple of days to consider the figures.

A firm decision will be taken in a month or two after Fed staff have had a chance to investigate these possibilities further.

The reaction on Wall Street yesterday was somewhat sceptical. Some people argued that the market will react no matter what figure the Fed publishes, so long as it thinks the Fed is using M-1 as a basis for policy-making. Others said traders would quickly learn to extract the latest figure from the average.

But there is little doubt that an average will reduce some of the volatility in M-1 which has greatly complicated the Fed's task and brought considerable criticism for its "erratic" handling of monetary policy.

Ideally, the Fed would prefer to go over to the practice of many foreign countries and release the Money Supply monthly or even quarterly. Unfortunately, this option is barred by law, since the Fed is required by U.S. public disclosure laws to release data as often as it collects it.

Sluggish demand hits Japan's cars

BY RICHARD C. HANSON IN TOKYO

THE GIANTS of the Japanese motor industry may be heading for the worst slump in car production since the recession sparked by the 1973 oil crisis as a result of sluggish demand both at home and overseas.

Nissan Motor Company, the second largest producer after Toyota Motor, said yesterday that output of cars in the April-June quarter might be down by 7 or 8 per cent from the last year.

Toyota declined to comment on a report that its second quarter production would fall by nearly 6 per cent.

During the first quarter Nissan had a decline in output of 1.1 per cent to 665,415 units, while Toyota's production fell 2.8 per cent from a year ago to 787,000 units. A drop of 7-8 per cent would be the biggest year-on-year decline since 1974 when drops of up to 20 per cent were experienced.

Gloom over the short-term prospects appears to be especially prevalent at the biggest companies. Honda Motor, which launched a successful new mini-car late last year, says that it does not face a production drop.

On the other hand, Toyo Kogyo, the maker of Mazda cars, and Mitsubishi Motors, say that January-March car output was off by 4.4 per cent and 3.1 per cent respectively, compared with a year ago.

Domestic demand in Japan may have already bottomed out, but the chances of a strong recovery before the latter half of the year are *considered slim.* Much will depend on whether the Government can find ways to stimulate the sluggish economy.

The outlook for exports appears even darker. The U.S. market will show a sharp drop as a result of a "voluntary" restraint agreement, which keeps Japanese exports to 1.68m units in the fiscal year which began this month. Exports to Europe and other regions have also been sluggish. In January and February, exports of passenger vehicles fell 16.9 per cent and 15.9 per cent respectively, compared with the levels of a year ago.

Without a revival in domestic demand Nissan expects that it will have to revise downward its hiring schedules for temporary workers in the late spring and summer. Cuts in overtime are also being considered.

Motor industry unions are in the final stage of negotiations on this year's basic wage increase. Management is offering a rise of about 7.2 per cent, or well below last year's average settlement of 7.7 per cent.

Israelis renew Sinai warnings

By Patrick Cockburn in Jerusalem

MR ARIEL SHARON, the Israeli Defence Minister, is due to fly to Cairo tomorrow to discuss border disputes dogging the negotiations over the Israeli's withdrawal from Sinai next week. Some Israeli leaders continued yesterday, however to warn that Israel might delay the withdrawal if the problems persisted.

But in a more reassuring statement, Mr Menahem Begin, the Prime Minister, said: "We are planning to fulfil our international commitments." He noted merely that a number of problems with Egypt and the U.S. needed to be clarified.

The Israeli Government said that Egypt had allowed the Palestine Liberation Organisation to infiltrate weapons to Gaza, was backing away from the terms of Camp David and that the final border line in Sinai had not been agreed.

The opposition Labour Party, denouncing Mr Begin's equivocation 13 days before the final pull-out from Sinai, said that the problems about which the Government was now complaining had existed for several months. There was no need to stall on final implementation of the treaty with Egypt, the party added.

Background

In a bid to resolve last-minute differences between Egypt and Israel, Mr Walter Stoessel, U.S. deputy Secretary of State, is due in Israel today.

Threats by Israel not to withdraw from Sinai come against a background of continuing strikes and demonstrations in Jerusalem and the occupied territories of the West Bank and Gaza, in protest at Sunday's shooting on Temple Mount.

A seven-year-old Palestinian boy died on the way to hospital yesterday after being shot by Israeli soldiers. He was injured when the troops fired into the legs of rioters at the Jebaliyah refugee camp near Gaza. Eight other people were injured.

East Jerusalem, the population of which is largely Arab, continued to be strike-bound, while at least 36 Palestinians and four Israeli soldiers were injured in demonstrations in Gaza.

The seven-day strike is likely to receive a boost after a call by King Khaled of Saudi Arabia for a one-day solidarity strike in all Moslem countries.

Bullet-holes

The Dome of the Rock, the main mosque on Temple Mount and scene of the shooting on Easter Sunday, is still closed, despite demands for its reopening by the local Moslem Supreme Council.

Guards round the mosque were unclear yesterday when it would be reopened for worship. The local Moslem leadership insisted yesterday that the position of the bullet-holes showed that more than one gunman was involved in the attack.

A Jewish-American military reservist has been charged with murder and remanded in custody for 15 days following the shooting in which two people died and 30 were injured.

Meanwhile, the Israeli Army said yesterday that two guerrillas infiltrating from Jordan threw a grenade at a military truck early yesterday before retreating across tha Jordan River. Over the weekend, two PLO guerrillas were captured by the Israelis in the same area.

Bank of England clamp on Argentine dealings

BY WILLIAM HALL, BANKING CORRESPONDENT

THE BANK of England has issued details of types of transactions which will be prohibited, and in some cases permitted by the Government's decision to block Argentine assets in the UK.

It is clear that the Government intends that the statutory instrument, Control of Gold, Securities, Payments and Credits (Argentine Republic) Directions 1982, which it issued on April 3, should interrupt a wide range of banking transactions in addition to freezing the $1.4bn Argentine assets held in London.

The hank's notice (EL1) defines a resident of Argentina as any person, including any body corporate, resideot in that country on April 3 or at any later time. A branch in the republic of any business is treated as if the branch were a body corporate resident in Argentina. Orders given hy hranches outside Argentina of any body corporate resident in the republic or by branches of any business whose bead office is in Argentina are given on behalf of persons resident in Argentina, irrespective of the location of such branches.

The hank and the Treasury, which will be responsihle for policing the statutory order, have taken legal advice and found that it would be very hard to enforce the order on the overseas branches of UK hanks.

As a result, branches outside the UK of companies incorporated in the UK and of husinesses whose head offices are in the UK may continue to comply with orders from Argentine residents, hut permission will not normally be given to enahle orders received by persons resident in the UK from persons resident in Argentina to be transferred to and executed by branches outside the UK.

The bank says payments ordered by, or on behalf, of residents of Argentina are prohibited except when permission has been granted. The bank is, however, prepared to allow Argentine accounts to be debited to cover living, medical and educational expenses.

The bank will also consider applications to reimburse UK banks who have made paymenta in respect of Argentine trada under irrevocahle letters of credit opened before April 3.

The bank's notice lists a number of purposes for which permission will not be given for the debiting of Argentine accounts including: payment for goods shipped from the UK to Argentina on or after April 3, payments to other Argentine accounts, payment of interest, or repayment of capital on Argentine borrowings, payments in connection with operations of vessels and aircraft either owned hy or chartered to Argentine residents, payment of insurance premiums.

In the area of the Euromarkets the notice covers a number of sensitive areas:

Credits, loans and overdrafts: Fo rthe time being, no permission will normally be given to enable existing or intending lenders to comply with any order given by or on behalf of a person resident in Argentina to make any payment. Without such permission, no further drawings may be made under existing facilities. No new arrangements should be entered into, no bills of exchange drawn by an Argentine resident should be accepted, and no credits, discount or acceptance facilities of any sort should be issued, confirmed or advised for account of, or in favour, or on behalf of, an Argentine resident.

Any necessary permission is given for irrevocable credits opened before April 3 in respect of transactions with Argentina to be honoured. Argentine accounts may not be debited in reimbursement except wher otherwise permitted.

Maturing bills of exchange: All necessary permission is given for maturing bills of exchange drawn hy Argentine residents and accepted before April 3 to be paid by the acceptor on maturity. Argentine accounts may not be debited in reimbursement without permission.

Servicing of syndicated loans: Any necessary permission will be given for recognised banks and licensed deposit-takers which are agents for syndicated loans and credits to Argentina to distrihute capital repayments and interest payments to participants in the syndicates, provided that the necessary funds are received from outside the UK. Applications for such permission should be made to the Bank of England.

Roll-overs: Persons who have made loans to Argentine residents before April 3 and who wish to roll over such loans in accordance with the terms of the loan agreement should refer to the bank. Attention should be drawn to the reasons for any reduction in the interest rate or change in currency composition.

Misgivings grow in Tory ranks

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT is expected to gain the backing of the vast majority of its own back benchers for its handling of the Falklands Islands negotiations in today's emergency debate at Westminster, despite increasing misgivings on the Tory side, as well as in the Labour ranks, about the prospect of war with the Argentines.

Labour's support could be much more heavily qualified than last week. Labour opponents of the Government's decision to send a task force are to hold a meeting this morning to co-ordinate their opposition to the Government's handling of the situation.

Though the great majority of New Zealand yesterday banned all trade with Argentina worth about $1.5m last year and Hong Kong halted imports worth $22m in 1981. West Germany renewed its call for Argentina to withdraw from Falkland Islands but a Soviet commentator attacked the U.S. for "feigning neutrality" in the dispute.

Labour MPs support the Shadow Cabinet's decision to back the dispatch of the force, today's meeting is a blow to the Government's hopes of presenting a united British front to Argentina.

Mr Tam Dalyell, one of the meeting's organisers, said yesterday that one of its aims was to demonstrate to the Argentines that "what Mrs Thatcher and our ambassador in Washington are saying about a united country and a united House of Commons is just not so." Britain, he maintained, was a "deeply divided country." The group might force a division on today's debate, which is on a technical motion for the adjournment of the House, as a means of making its protest felt, he said.

The Shadow Cabinet is to meet this morning before today's debate.

All quiet in navy exclusion zone

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S blockade of the Falkland Islands was enforced throughout yesterday without incident, the Ministry of Defence announced in London.

The Ministry spokesman noted that the 200-mile maritime exclusion zone which came into force at 0400 GMT on Monday "remains established." There were no reports of Argentine naval vessels or auxiliary ships within the zone, he said. The spokesman added that all "military preparations continued according to plan." The delicate political situation, with continued U.S. attempts to mediate in the crisis, was obviously a major reason for the Ministry's extra reticence.

What was not clear was whether the official blackout on military matters was designed to mask increased naval activity in the Sonth Atlantic.

As for Argentine naval movements, the Ministry spokesman said he had "no report which I can give you" on suggestions that the Argentine navy was preparing to leave or had already left port. On Sunday, the Defence Ministry said that all but two of Argentina's major warships were in mainland ports.

The Ministry has consistently refused to give details of the movement of the British task force which was announced in the Commons by Mr John Nott, the Defence Secretary, as comprising 15 warships and more than a dozen support and supply ships. The Ministry has never confirmed the reported presence of submarines in the South Atlantic, although up to four nuclear-powered 4,500-ton boats of the Swiftsure class are believed to be the main vessels enforcing the 200-mile blockade.

The task force is not thought likely to reach the Falklands area, if it continnes at its estimated speed of some 15 knots, for another two weeks. The force is in two main groups which are thought likely to join up within the next day or two.

The first group comprises some 12 ships which started from Gibraltar over the weekend of April 3-4.

The second group involves the aircraft carriers Invincible and Hermes, which left Portsmouth on April 5, and the assault ship, Fearless, which left the following day. Hermes is to be the flagship for the force and Admiral John Woodward, currently with the first group of ships was named a week ago as force commander. He is expected to transfer to Hermes when the two groups meet.

Some experts believe that neither group of the force is moving under full power. They estimate the likely current position as west-north-west of the Portuguese island of Madeira.

THE GULF WAR

Iraqis confident in new positions

ON THE long journey through the Iraqi rear positions to a point some 24 miles west of Shush in the north-west corner of Iran's Khuzestan province, there was no visible sign of impending collapse among the Iraqi occupying forces although this was widely predicted following Iranian advances in the Shush-Dezful sector three weeks ago.

The Iraqi authorities recently allowed a party of journalists to visit their positions in the oil-rich Khuzestan province of occupied Iran. Jim Muir reports on this first tour of the area by outsiders since the Iranian battle successes last month.

On the contrary, the first Western reporters to visit this sector from the Iraqi side since those battles were impressed by the degree of organisation, the scale of troop deployment, and the sheer volume of equipment on which the Iraqis can draw. To a depth of at least 15 miles on the Iraqi side of the border, the flat beige plains on both sides of the road have been turned into mobile military cities as far as the eye can see. They are made up of thousands of trucks and the depots and encampments they have spawned.

These are just the support and reserve deployments. Once the border is crossed, you drive another 12 miles along a winding road with abandoned emplacements and dugouts pocking the terrain on either side before reaching the rear positions. There, long-range artillery pieces hidden in the folds of country, blast off sporadically across the hazy plain towards the Iranian lines west of Shush and Dezful.

On the dusty horizon, and sometimes closer, the occasional plume of black smoke followed by a delayed crump shows that the front-line Iraqi positions are receiving the same treatment from Iranian gunners. This has been the pattern since the battles ended late last month.

Iraq's forces are deployed in three well dug-in defensive lines over a depth of at least six miles and they have many prepared positions between them and the border to the rear on which to fall hack. The Iranian advance appears to have stopped about 20 miles short of the border at this point.

"Our new defensive positions are much hetter than those we had before," said a major from the sector command. "We have squared off lines which were extended in a semi-circular deployment, and our new positions were chosen by us. Our forces are now stronger than they were when the battles began on March 22. Our losses in casualties and men captured were made up two-fold within two days."

This, coupled with the fact that the Iraqis have air superiority, and everything else visible, made it clear that the Iranians would have a great deal of costly fighting to do before they could come within sight of the Iraqi border at this point on the 740-mile front.

But there is no doubt that the Iraqis did suffer a reverse last month. Officers in the field concede that the withdrawal, ordered by President Saddam Hussein on March 30, involved some 140 square miles of territory and that the Iraqis lost many men captured though relatively few casualties.

They also confirm that the Iranians have consolidated positions west of the Karkheh River, removing one obstacle to a further advance for which the Iraqis report there have heen no signs of preparations yet. The Iranians claim they recaptured more than 386 square miles and that Iraqi casualties ran to 30,000.

The figures are less important than the implications and there has obviously been a lot of soul-searching in Baghdad as to how and why it happened. Two obvious factors in Iran's favour are its three-to-one advantage in manpower and the fanatical, even suicidal, fighting spirit of its forces.

Iraqi officers spoke of human waves being cut down and carpeting the ground with corpses. Official figures for Iranian casualties released many days later by the Iraqi high command put the death toll at over 23,000. Some diplomats say the delay may have been because the Iraqis feared nobody would credit such a figure.

Iranian willingness to spend lives and Iraq's desire to avoid casualties were clearly factors shaping the outcome of the battles. In an important address to Parliament in Baghdad on Sunday President Saddam Hussein made two significant disclosures which amounted to the first official admission that anything had gone wrong in battles which are still being billed by the official Baghdad Press as unalloyed victories.

The President said that some of the forces on the Dezful-Shush front were volunteers and other units without long military experience. This may mean that the volunteer "Special Tasks Brigades" attached to the popular army militia may be phased out of combat roles in key sectors, throwing the burden of casualties back on to the regular army.

The President's second admission was that his commanders had reported a morale problem springing directly from Iraq's conception of its war aims. Iraqi troops are being asked to lay down their lives defending territory to which Baghdad lays no claim, as Iraqi leaders have repeatedly stressed recently.

One of the main aims of the President's address was to motivate his forces to fight as enthusiastically inside Iran as they would on their own border because, he said, their aim was to protect their own land behind them and to keep Iranian artillery beyond range of Iraqi towns.

If the Iraqi forces do suffer a morale problem, it is one that is liable to lessen if they should be driven back towards the frontier.

Syria's series of moves to isolate and put pressure on Iraq may also, ironically, help to stiffen morale among the general public, which obviously affects that of the troops.

So far, the Iraqis have been almost entirely protected from the hardships normally associated with war — hardships which may hurt, but which also engender national spirit. Now in the wake of the Syrian moves, President Saddam Hussein has announced a new phase of economic austerity and sacrifice.

Once the threat to the nation takes on a new reality, the war may hegin to make more sense to the average Iraqi, soldier and civilian alike.

Forecasts revised for S. African economy

BY BERNARD SIMON IN JOHANNESBURG

TWO LEADING South African economists have revised downwards their forecasts for the country's economic growth during 1982. This follows the drop in the gold price earlier this year, high interest rates and last month's contractionary budget.

Mr Attie De Vries, deputy director of the Stellenbosch Bureau for Ecooomic Research, now predicts that the economy will expand by around 1 per ceot in real terms this year, compared with a 4.5 per cent growth rate in 1981. A 1.5 per cent growth rate for 1982 is forecast by Dr Johan Cloete, chief economist of Barclays National Bank, the country's largest banking group.

Both men estimated during the second half of last year that the 1982 growth rate would exceed 2 per cent.

Although the momentum of the 1979-80 boom continues to sustain business activity, Dr Cloete said yesterday: "It must he expected that the growth rate will progressively slow down during tha second half of this year as a result, in particular, of the record high level to which interest rates have been driven."

According to Mr De Vries, private consumption spending will rise by 2.3 per cent in real terms this year, compared to a 6.3 per cent increase in 1981.

Trade unionist complained of torture by police

BY OUR JOHANNESBURG CORRESPONDENT

DR NEIL AGGETT, the South African trade unionist who died in police custody last February, alleged shortly before his death that he had heen tortured by interrogators, an inquest was told yesterday.

According to the police, Dr Aggett was found hanged in his cell two months after being detained with several other trade unionists and academics under South Africa's sweeping detention-without-trial laws.

Legal representatives of the state and the police contested admissibility of Dr Aggett'a allegations that he had heen assaulted and given electric shocks. The allegations were contained in a statement made to a police sergeant 14 hours hefore Dr Aggett died. Counsel for the police argued that the statement was not relevant

The magistrate conducting the inquest, Mr P. A. J. Kotze, agreed to allow the statement to be admitted as evidence, hut the state and police said they would appeal to the Supreme Court. The inquest was adjourned until June 1.

Mr George Bizos, for Dr Aggett's family, said the family did not accept that Dr Aggett's death had heen caused by suicide. Even if it had, Mr Bizos said he intended arguing that it was a case of "induced suicide," —a crime under South African law.

Peking's new international hotel marks leap forward in visitors' comfort

BY TONY WALKER IN PEKING

"GOOD GOD," exclaimed the longtime Peking resident as he stood in the hotel foyer watching in amazemeot as willing staff helped with baggage, smiled when noting a reservation and even went so far as to open the door of a taxi for a departing guest.

This scene took place recently at the new Jianguo Hotel in Peking, the first international standard joint venture hotel to open its doors for business in China.

In a city where hotel services range from the terrible to the mediocre, the Jianguo is already proving a runaway success with an almost 100 per cent occupancy rate and an overnight reputation as the best pub in town.

Clement Chen, architect, botelier, and the man behind the Jianguo is very proud of his botel. "In one leap we have a hotel in Peking equal to those in other parts of Asia," he said. "I think this hotel will give them (the Chioese) an inside view of the outside world."

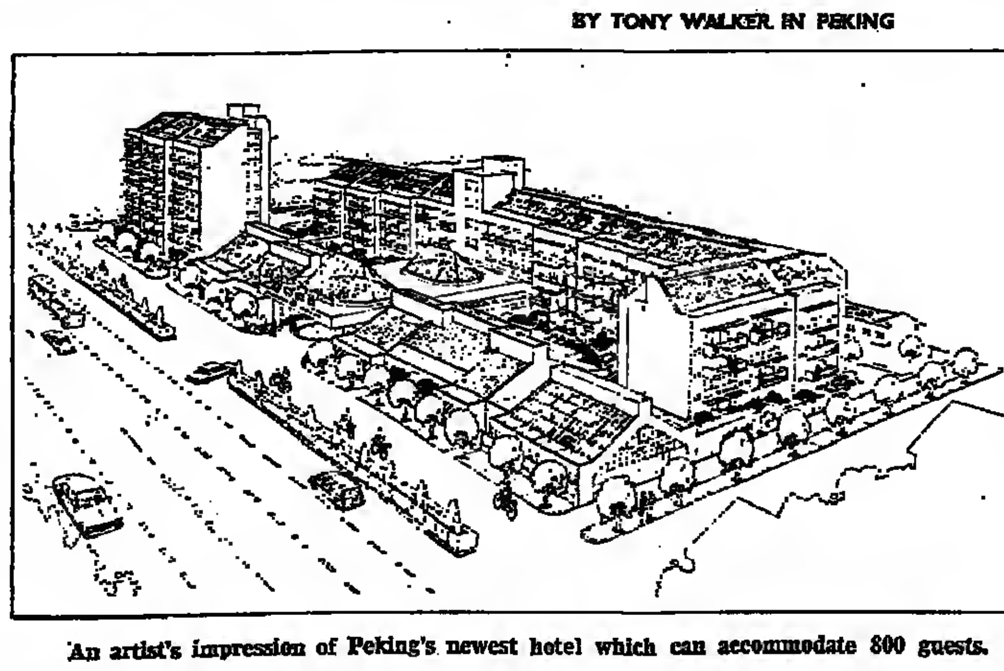
Among the welcome features of the Jianguo Hotel, and something that singles it out from almost every other hotel in China, is the absence of ubiquitous room boys on every floor. The "room boy," whose main task appears to be to keep thermos flasks filled with water, has a lengendary reputation for walking in on guests unannounced at the most inopportune moments.

There is the now famous Peking Hotel story of the female guest who was upbraided by tha management because she was seen in the nude by an attendent who bad walked into her room without knocking. The woman was told she must always get dressed in her bathroom —with the door closed.

Another distinctive Jianguo feature is the absence of chairs behind the reception counter. This, it was explained to me, is standard practice in hotels elsewbere in the world and is designed to keep staff on their toes. The sight of reception clerks lounging back in chairs and even asleep is common in Chinese hotels.

The good service and comfortable rooms at the Jianguo are having an immediate effect on patronage of the Peking Hotel, previously the only hotel in the capital with pretentions to being of internatiooal standard, which until now has enjoyed a near monopoly of first class tourist and business traffic through the city.

Businessmen who have maintained offices in the Peking Hotel for a number of years are clamouring to be allowed to shift to the Jianguo, but limits are being imposed on tha numbers of people who will be allowed to taka up permanent residence there.



An artist's impression of Peking's newest hotel which can accommodate 800 guests.

Mr Chen is typical of many Chinese who fled the communist takeover in 1949 to make good elsewhere—he owns four large hotels in the U.S. as well as a thriving architectural practice —and are now returning to China to make some money and, out of a sense of patriotism, do their hit for the country's modernisation drive.

These talented entrepreneurs are likely to play an increasing role in China's business affairs if it continues its present "open door" policy. Asked what guarantees he has from the Chinese authorities should China go through another of its periodic political upheavals, Mr Chen cheerfully says: "None."

"I am prepared if that happens. I would not be unduly upset," he says. "The motivation of this project was to help them and not to make a lot of money, but I think it should. I would prohahly utilise a lot of the money to maka what I helieve to be a big contrihution to this society to develop young talent to help them catch up with the rest of the world in such fields as economics.

The Jianguo, which resembles a large California-style condominium development with a handsome entrance foyer covered by domelike skylights set in natural wood, cost $21.6m, and was completed in less than two years.

Wheo Mr Chen first submitted plans for the hotel the Chinese were unenthusiastic because they wanted a modern high rise structure. In the end a classic Chinese compromise was struck. Mr Chen agreed to build a modest 10-storey section at one end of the property.

"I could probahly have fought longer and prevailed," he said. "But I felt that being the first botel project in China, I have to show that I'm willing to compromise. At the same time I think the end result illustrates very well to them that a low building comes out a superior huilding."

The Jianguo has 530 rooms and can accommodate more than 800 guests. It is likely to become the envy of owners of international standard hotels throughout the world as it is guaranteed a nearly 100 per cent occupancy rata even at a time of world economic downturn. Mr Chen suggests he may get his money hack in two to three years.

Under the joint venture contract, tha hotel, down to the last knives and forks, will hecome a wholly owned Chinese enterprise in 10 years' time. Mr Chen will dispose of his 49 per cent share for one dollar. "This arrangement was symbolic of my faith in their fairness. They have total control," he said.

Rooms, by Chinese standards, are not cheap. They are almost double the cost of those at the Peking Hotel. The nightly tariff on a single room is around $60 and on a double room about $70. Suites on two levels (bedroom upstairs and sitting room downstairs) will cost about $150 a night.

Most basic construction materials, such as steel and concrete, were supplied by the Chinese. Mr Chen provided what he describes as "softgoods." These include plumbing, fittings, carpets, furniture, televisions, fire control systems and telephones. He arranged the financing through the Hongkong and Shanghai Bank at rates of interest which more than doubled over the past several years.

Mr Chen describes the telephone system as being of "unbreakable integrity" within the huilding, but he can't vouch for tha privacy of the calls once they have left the Jianguo and passed through the central telephone exchange. Many foreign businessmen feel inhibited about discussing, in calls to their head offices, confidential negotiations in China because they assume their phones are bugged.

Mr Chen describes his projects as a "technological transfer of botel management." To ensure that high atandards of management are set, he negotiated an agreement with Peninsula Hotels of Hong Kong to supply foreign personnel, including a Swiss manager, to train local staff. Judging by the results achieved so far the agreement with the Peninsula has been a wise investment.

Attempts to get hotel bookings in China, along with airline tickets, are the stuff of which nightmares are made. Reservations, confirmed months before, often become snarled in the Chinese "no-booking" system where patronage and petty corruption are commonplace.

The Jianguo will only have to live up to half of the expectations people bave of it to be a whole lot better than anywhere else.

the British Broadcasting Cor- or two."

Japan likely to offer trade concessions during French visit

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN IS expected to offer France a "special consideration" on bilateral trade during the forthcoming State visit of President Mitterrand, officials said last night.

The special consideration seems likely to include a reduction in the impost tariff on brandy for which France has been pressing since late last year.

It is hoped in Tokyo that the concession will do something to soothe French feelings about the $1bn (£555m) surplus in Japan's favour in bilateral trade. Japanese officials add, however, that they are not "optimistic" that trade problems between the two countries can be eliminated during the visit.

President Mitterrand, who arrives in Tokyo tonight, will be the first French leader to make a State visit to Japan. President Giscard d'Estaing came to Tokyo in 1979 as one of the seven Western Heads of Governments attending the Tokyo summit.

His visit follows a flurry of activity in relations between the two countries during the last few months. This has included twn previous visits to Tokyn by French Ministers, the convening of a Franco-Japanese "Wisemens Committee" and the establishment of twn official level committees fnr trade promotion and industrial co-operatinn.

Bilateral trade issues will not be taken up by President Mitterrand—who will hold only one two-hour session of talks with Prime Minister Suzuki during his four-day stay in Japan.

However the President will be accompanied by four Ministers who will hold talks with their Japanese opposite numbers today and tomorrow.

The Ministers include M Claude Cheysson Minister of Foreign Affairs, who will meet his Japanese opposite number, Mr Yoshio Sakurauchi, today, as well as M Michael Jobert, Foreign Trade. The latter two will hold separate meetings with Mr Shintaro Abe the Minister of International Trade and Industry.

Japanese officials yesterday sidestepped questions about the probable outcome of the Mitterrand visit beyond expressing hopes of "concrete results" in the fields of technology and cultural co-operation.

It appears almost certain that Japan has reversed its previous decision not to reduce its 453 yen per litre tariff on imported brandy.

Francois Mitterrand: first state visit by President to Japan.

The French request was turned down last December on the grounds that France already controls 40 per cent of the Japanese brandy market — against 10 per cent for the share of scotch in the Japanese whisky market.

However, the brandy issue is now apparently being dusted off as one of the few available means of placating what looks like serious French indignation about the bilateral trade imbalance.

After three days of mainly ceremonial engagements in Tokyo, President Mitterrand will visit Kyoto for sight seeing.

The President was said yesterday to have declined to travel by Japanese National Railways, which operates a super express rail service to Japan's former capital and to have opted instead to travel by air, via Osaka. Some observers linked this decision with the fact that France is the main competitor to JNR for international high-speed rail projects.

Leyland Bus assesses showing in U.S.

By John Griffiths

BL's Leyland Bus arm is assessing the results of its first appearance at a major U.S. passenger transport exhibition, the Los Angeles Mass Transit Show.

Leyland's double-deckers are already operating in small numbers in some parts of the U.S. such as San Francisco, although trials in New York ran into difficulties. The purpose of attendance at the show was "as a first step towards a deeper involvement in the American market."

While Mr Jay Hale, its export sales director, said there was "great potential" for double-deckers in the U.S., Leyland's aim at the show was to seek a wide spread of business.

It was also keen to make the U.S. passenger transit authorities aware of the Railbus, its joint development with British Rail.

● Technicare International, the Newbury-based company, engaged in specialist engineering services, has renewed for the fifth consecutive year with the Arun Natural Gas Liquifaction—a consortium of Pertamina/Mobil—its contract with an annual value estimated to exceed £2m.

British boost for Hungary's baby foods

BY MAURICE SAMUELSON RECENTLY IN BUDAPEST

HUNGARY, already one of Europe's best-fed countries, has become self-sufficient in baby food thanks to a British-designed bottling line which has been installed at the country's oldest canning factory.

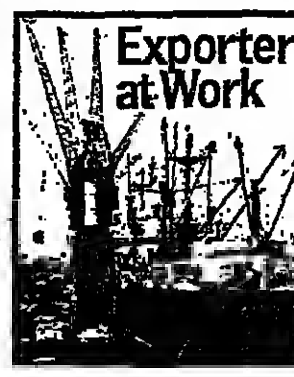
The factory, at Kecskemet, 60 miles south of Budapest, is expected to bottle 6,000 tons of baby food this year for youngsters aged three months to two years. Hungary has an annual birth rate of 160,000 in a population of 10.7m.

Until recently, it could supply only half its market for baby foods and spent valuable foreign currency on imports from Bulgaria, France and Switzerland.

For the first time this year, it expects to produce some 30m jars a year containing more than 30 different varieties of food and juices, on a £500,000 bottling line installed by Metal Box, Britain's largest packaging manufacturer, and Mather and Platt, which specialises in food processing equipment.

The bottling line was installed following years of complaints by mothers about having to use imported baby foods. About five years ago the authorities decided to placate them, and in 1978 Hungary's canned food industry approached Mather and Platt.

The Manchester company asked MetaMatic, Metal Box's package handling business, to provide a depalletiser, conveying equipment and an automated line control system. Metal Box also installed a line to produce the metal tops for the jars on site, a facility believed to exist in no other baby food factory in Europe.



Metal Box is proud of its stake in the plant, modest as it is for a company with sales of about £1bn, one-third of them through its overseas subsidiaries. Eastern Europe accounts for only about £2m of Metal Box's £70m of exports from the UK, although it is trying to expand them and has hopes this year of additional business.

Mr Jozef Hantos, the Kecskemet factory's director, says that Hungarian mothers, previously used to imported products, were becoming more confident about locally bottled baby foods and there is particularly strong demand for the fruit juice.

The main complaints so far have been over the difficulty of obtaining the entire range of jars in the shops. He blamed this on the separate company in charge of distribution.

The second biggest food packing plant in Hungary, Kecskemet processes about 100,000 tonnes of produce a year, mostly fruit and vegetables from the surrounding rural area. It already uses other Metal Box equipment for its ordinary bottling lines.

The plant is the biggest employer in Kecskemet which is known in Hungary for its potent apricot brandy and as the birthplace of Zoltan Kodaly, the composer.

The Hungarians rely on their own equipment to sterilise the filled jars. Called the Hunister, it heats the jars in a series of pressurised chambers to a temperature of 133 degrees Centigrade. The Hunister is used widely in Eastern Europe and has been praised warmly by British packaging experts.

Soviet Union agrees to help Poland finish textile plants

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SOVIET Uoion bas agreed to provide resources to enable Poland to finish two textile plants and a ball-bearings factory in Poznan, all halted by the freeze on investment spending.

In a separate bid to offset the results of Western credit restrictions, the Soviet Union bas agreed to provide raw materials, equipment and hard currency to be used in the production of goods destined for sale.

But, according to Mr Nikolai Talyzin, the Soviet Deputy Premier, speaking after a fresh round of trade talks which ended in Warsaw at the weekend, there are to be no extra deliveries of oil to Poland over the 13m toones already agreed for this year.

There is also little sign that the Soviet Union is ready to countenance any increase in this year's trade agreed deficit which is planned to reach Roubles 1.04bn (£866m), a fall from last year's deficit of around Roubles 1.5bn.

This means that, with the value of Soviet exports to Poland due to drop by 2 per cent this year, the volume will fall even further.

Last year, the volume of deliveries to Poland from the Comecon group of countries, the bulk of which came from the Soviet Union, fell by 8.9 per cent. Following the latest round of talks, the Russians have agreed to provide Western-produced equipment for installation in ships being built in shipyards for Soviet companies.

Ninety per cent of the value of foreign-made equipment installed in Polish-built ships comes from the West. Similarly, the Russians will be providing hard currency, or the equipment, for installation in heavy construction machinery produced at the Stalowa Wola works for sale to the Russians.

The Russians have already agreed to provide raw materials for the textile industry for processing in Poland and for re-sale there. Other areas where co-operation on similar lines is being discussed are the car industry, which is suffering from a shortage of Western-made components, the production of TV sets, telephone exchanges and cables.

U.S. boycotts UN talks on flags of convenience

GENEVA — The U.S. boycotted yesterday's opening of UN talks on limiting the "flags of convenience" ships which critics say flout safety and labour laws.

The talks, aimed at producing guidelines to make these ships more accountable to maritime authorities, go against the U.S. view that ship registration is for national governments to decide, U.S. officials said.

They said the U.S. would not participate in the 17-day talks which, if successful, would set the stage for an international pact on minimum registration standards. This would tighten control over foreign ships sailing under the flags of Liberia, Panama and other Third World States.

Asked about U.S. opposition to the talks, Mr Robert Ramsay of the UN Conference on Trade and Development (Unctad) said: "We find this untenable because the United States believes in international standards of labour.

"The U.S. position means that governments have the right to frustrate international standards," said Mr Ramsay.

Delegates to the meeting said companies in the U.S.—the only major shipping nation absent—were among the most active of those which run 28 per cent of world shipping under foreign flags.

Flag of convenience ships account for almost half the accidents on the high seas, Unctad says, and three-quarters of them are owned by U.S., Greek, Japanese and Hong Kong companies.

Mr Adib Al-Jadir, head of the Unctad shipping division, opened the meeting with a call for clear economic links between ships and their countries of registry to protect sailors' rights.

"Shipowners who register their ships under the flag of countries with loose registration conditions can compete unfairly by avoiding the expenditure needed to maintain safety and labour standards," he said.

Delegates said the proposal for economic links between ships and their home ports, backed by Third World and Communist states, might not be acceptable to industrialised countries.

It also went against draft resolutions at the UN Law of the Sea Conference in New York, where most delegations appeared ready to write into international law a clause saying safety and labour laws were universal but ship registration a national issue, they said.

Mr Ramsay said the Unctad list of countries clearly allowing flags of convenience had shrunk to five — Liberia, Panama, Cyprus, Bermuda and the Bahamas.

Singapore was phasing out its open registry operations, he said, and Cyprus indicated it would move down a similar path by voting against flags of convenience at an Unctad meeting last year.

In his opening speech, Mr Jadir also said the meeting should consider whether ship operators should also be subject to strict registration rules if they are not the shipowner.

Delegates said ship operators were often able to escape responsibility for accidents if they were not also the ship's legal owner.

Tightening control over ship operators would require changes in national legislation, and only the Netherlands has made this distinction in its laws so far, they said.

Reuter

Fresh offers sought for Sri Lankan oil terminal

BY MERVYN DE SILVA IN COLOMBO

THE CEYLON Petroleum Corporation, which last year negotiated an agreement with the U.S. Coastal Corporation of Bermuda to construct an oil terminal in Trincomalee, has now invited fresh offers.

The deal with the U.S. company came under fire from the Indian Parliament and Press, and from every opposition party in Sri Lanka.

Despite official denials, the opposition charged the Government with extending special facilities to the U.S. at the Indian Ocean port, thereby jeopardising Sri Lanka's non-alignment.

Foreign collaborators have now been invited to develop and operate an oil storage tank farm at China Bay, Trincomalee. This complex was built by the British Admiralty about 40 years ago and consists of 99 storage tanks, each of 12,000 tonnes capacity.

Oil tankers of 30,000 dwt rating use the jetty, while the state-owned CPC uses 15 of these tanks.

The CPC contemplates three types of arrangements — a joint venture, a fully-owned subsidiary of the offeror registered in Sri Lanka and a public company in Sri Lanka with the offeror holding majority shares.

UK NEWS

Small businesses emerge from the shadows at Corby

Alan Pike, Industrial Correspondent, looks at the activity on the former steelworks site

MR IAN MACGREGOR, chairman of the British Steel Corporation, will initiate the latest attempt to renew the industrial base of Corby, Northants, today, after extensive steelmaking closures.

He will open a small workshop complex of 33,400 sq ft which has been developed out of ancillary buildings at the old steelworks by BSC (Industry), the corporation's job creation company.

Employment prospects in the 60 workshop units are small compared with the jobs lost in the run-down in steel activities in the town.

But Mr MacGregor will see an impressive range of small business activity on the former steelworks site.

Occupants of the workshops include a sign writer, ham baker, industrial cleaner and printer, makers of security screens, custom motorcycles, mini excavators, musical instrument cases and beds for cats and dogs.

The workshops have been developed around a core of central services such as canteen facilities and conference rooms which workshop occupants can use for meeting or to entertain clients.

Mr Geoff Bent, the workshop manager, said: "Our aim is to provide reasonable back-up facilities and maximum flexibility so that people taking space in the workshops can devote all their energy to making and selling their products.

"Units are let on simple three-month licences and we offer occupants business advice and guidance to the grants and incentives available in Corby."

These grants and incentives—together with a favourable geographical location—have helped attract 2,000 new jobs to Corby since steelmaking ended in 1980, with far more in the pipeline.

Over the past two years the "serious inquiry rate" from companies considering setting up in the town or relocating there has run at 70-80 per month.

In spite of these apparently promising signs, unemployment in the area is still around 20 per cent—but the rate shows signs of downward movement and the majority of unemployed men, certainly in Corby itself, are not now former steel workers.

Mr MacGregor's presence at today's opening ceremony will help emphasise a point about Corby which is sometimes overlooked—that BSC is still the area's leading employer.

Although steelmaking ended in 1980, and BSC employment has fallen from 13,000 four years ago to around 5,000 today, Corby works remains an important steel centre producing tubular products.

Output from Corby still runs at more than 500,000 tonnes a year, with between 30 and 40 per cent for export. The plant obtains most of its coil from BSC's Teesside complex.

Mr Harry Ford, the tubes division chairman who is based at Corby, is convinced that BSC's surviving investment in the town has a secure future. But, like every other area of the corporation's activities, everything depends upon continuous productivity improvements being made. In local negotiations, though, management is now meeting resistance to an attempt to get an extra 100 redundancies.

Mr Ford said: "In spite of undoubted improvements which have been made we still have some way to go on productivity. Our flexibility of production and use of people has got to get better. And I accept that the key to achieving all of this is management."

BL tries to squeeze into diesel market with turbo-charged Rover on sale now on Continent and in Britain this summer

BY JOHN GRIFFITHS

BL's FIRST venture to capture part of the fast-growing Continental market for diesel cars is launched today in the form of a Rover powered by a turbo-charged 2.4-litre engine made by VM of Italy.

The Rover SD Turbo goes on sale immediately in the main Continental markets and will be introduced in the UK in the late summer.

BL is tackling a market which it estimates has increased five-fold since 1970 to reach about 300,000 now.

The company predicts the market will have been expanded by a further 50 per cent by 1985, under pressure from rising fuel costs. The advantage of diesel cars is that they are at least 25 per cent more economical overall than their petrol-driven counterparts. Their appeal is enhanced by a more favourable tax régime on diesel fuel. In Italy diesel is only 44 per cent the price of petrol.

BL's ambitions for the Rover appear modest on that basis. Mr Andy Barr, managing director of operations of BL's Austin Rover Group, says he expects first-year incremental sales for Rover on the Continent of about 2,000 units. This assumes some substitution purchases from petrol-driven Rover models.

The UK is less favourably disposed towards diesel cars: it is the only major European country where diesel prices are marginally higher than those for petrol. Hence the diesel market has been much smaller. Only 311 diesel cars were sold in 1974. However, this rose to 3,538 in 1978 and reached 9,300 (0.63 per cent of the total car market) by the end of last year. But it is believed that diesels will account for 4 per cent of the market by 1985 and 15 per cent by the end of the decade, as motorists show signs of being prepared to opt for the diesel's better economy in spite of poorer performance and higher initial cost.

Rover's decision to "buy in" a diesel was dictated by lack of time and the high cost of developing its own, particularly in view of the low volumes anticipated. VM, of Cento, near Bologna, heads a group of three diesel engine makers under the umbrella of the Italian State-owned Finmeccanica group. It sold 25,000 diesels last year, 40 per cent of which were exported.

However, BL's buy-in is likely to prove a temporary expedient, along the same lines as a VM engine's expected "stop-gap" fitment in Jaguars. BL has its own diesels programmes, including long-delayed efforts to produce a satisfactory diesel version of its "O" series engine and a venture with Perkins to convert the Rover V8 engine to diesel.

The Rover diesel is the first of three "British" cars about to be launched in diesel versions.

In June, Vauxhall will start offering its Astra and Cavalier models with a diesel version of its German-made 1.6-litre "Family Two" petrol engine.

But the first all-British diesel car is expected to come from Ford, which has pulled forward a programme to convert its old 1.6-litre "Kent" engine to diesel. This means production of a diesel Escort is likely to get under way early next year.

Henlys appoints chief executive

BY RAY MAUGHAN AND JOHN GRIFFITHS

MR TONY BALL, chairman and managing director of BL Europe and Overseas until his four-year contract expired on March 31, has been appointed chief executive at Henlys, the loss-making group which distributes BL cars.

He replaces Mr Gordon Chandler who is also retiring as chairman. Mr Ray Hazlehurst, a non-executive director of Henlys takes over as chairman.

Mr Chandler has been voted a £70,000 payment by the board in addition to his company pension entitlement in recognition for what he described yesterday as "what I've done for the company and its growth — not least in terms of assets — in the 51 years I've been associated with Henlys."

He worked the payment out as "the £1,400 commission I should have been paid each year."

Henlys announced a record loss of £1.9m before tax for the year to September 30 and recently warned that the current financial period had been affected by severe weather.

It has, however, realised more than £1.5m on the sale of surplus properties in an attempt to slim the business in line with its reduced sales base and Mr Ball spoke yesterday of utilising the group's assets "more effectively." Some of the remaining larger properties would be sold, he said.

Mr Ball, who spent 11 years running the motor distribution interests of the South African conglomerate, Barlow Rand, before his stint at BL, also said that he was aiming for "a more balanced representation" of the major manufacturers' interests.

Mr Ball, 47, started work as an apprentice with the former Austin motor company before it became part of BL.

He returned to BL in 1978 to head up the world sales organisation, but a series of structural changes within the group gradually saw the scope of his role diminish as BL cut its representation in major overseas markets, such as the U.S.

In January Jaguar took over its own marketing operation, and the Europe and Overseas division effectively ceased to exist last month when BL again reshaped its volume car operation. It set up the Austin Rover operation, with Mr Harold Musgrove as chairman, which also became responsible for its own sales and marketing operations.

BL is thought to account for about 70 per cent of Henlys' turnover.

POPE'S VEHICLE: This specially adapted Leyland Construction T45 chassis will be used for the papal visit. Special security features include bullet-proof windows.

Electric vehicle group's visit to Japan cancelled

BY JOHN GRIFFITHS

A MISSION to Japan next month, to study developments in the Japanese electric vehicle industry has had to be cancelled by the UK's Electric Vehicle Development Group.

Representatives of about 10 British EV concerns, with interested parties from the Continent, planned to make the visit. It would have been of great interest, because, while the UK claims a lead of at least 18 months in the development of electric drive systems for vehicles, Japanese manufacturers maintain that their technology has attained the highest level in the world.

The reasons for the cancellation are unclear. The leading Japanese companies in the field, notably Daihatsu, are understood to have said that pressure of work makes the timing of the visit difficult.

One reason, however, may be a reluctance to disclose the precise extent of progress made. An EVDG spokesman said yesterday that a September visit was now being discussed.

Japan has the most ambitious programme for putting electric vehicles on the road in quantity, with plans for 200,000 on the domestic market by the mid-80s.

However, development has been accelerating in the UK. Late last year, Karrier Motors began commercial production of an electric version of its Dodge 50 truck. Later this week, Leyland Trucks will unveil its own prototype.

Seddon Atkinson output deal follows £13m orders

FINANCIAL TIMES REPORTER

FURTHER evidence of an upturn in the UK market for heavy trucks has come from Seddon Atkinson, the Oldham-based maker owned by International Harvester of the U.S.

The company has signed a new productivity deal with its 1,000-strong workforce aimed at increasing output to meet a short-term order book that has risen above £13m.

Higher earnings

The deal with SA's workers provides for a 5 per cent basic increase plus higher earnings related to production. The company, which returned to full-time operation in January, says it is now working to capacity for the first time in over two years. Like other truck makers, however, SA's total capacity has been considerably reduced as a result of plant closures and job cuts.

It has orders for nearly 700 trucks in the over-16 ton range for the next two months, while its parts business has risen by 25 per cent compared with last year to an annual level of £20m.

A spokesman said that, based on the current level of inquiries, "the increasing level of business is set to continue."

Other manufacturers are cautiously predicting that sales this year could be 20 per cent or more above last year's which were the lowest for 40 years.

Dunlop gains access to further retail tyre outlets

FINANCIAL TIMES REPORTER

DUNLOP'S UK tyre division has gained access to a further 210 UK retail tyre outlets through a long-term marketing agreement with Kwikfit-Euro, the country's largest independent tyre retailing chain.

Kwikfit will sell the company's tyres under both the Dunlop and India brand names through its motorist centres, which also specialise in replacement exhaust systems.

Breakthrough

Dunlop regard the deal as a breakthrough in terms of supplies to independents—it increases by about 40 per cent the market access currently provided by the 540 outlets of its own National Tyre Services distribution and retail network.

Kwikfit has expanded rapidly. It had just 45 depots in 1979 and bought Firestone's 180 outlets two years ago, selling 80 of them to Dunlop.

Kwikfit survived a profits setback last year under the effects of recession, and now hopes to expand its network to exceed 300 over the next few years.

Dunlop is estimated to have a 20 per cent share of the UK replacement car tyre market, which has become fiercely competitive for an industry still suffering from considerable overcapacity. Dunlop is still in the last stages of a drive to improve productivity and which has seen its UK workforce fall from 11,400 to 4,000 since the late Seventies.

Paper output falls to 25-year low

BY ANDREW FISHER

BRITISH paper and board output fell last year to its lowest level for 25 years, as more mills and machines closed down and another 2,600 jobs disappeared.

But the British Paper and Board Industry Federation, which announced the figures, is mildly optimistic about future output, now that the worst of the capacity cuts during the recession have been made.

"We're still humping along the bottom, with a little sign of optimism in the distance," said Mr John Adams, director-general of the BPBIF.

The Economist Intelligence Unit said last month that profitability in the UK paper and packaging sector seemed to be rising on a broad front, with more companies confident about the future.

Production in the UK paper and board industry was about 11 per cent lower in 1981 than in the previous year, the BPBIF said, with eight more mills and 18 paper machines closing.

Production totalled 3.4m tonnes, capacity was estimated at around 3.8m. Consumption figures are unavailable owing to the civil servants' strike.

The BPBIF estimated, however, that total UK consumption was slightly higher at between 6.9m and 7m tonnes, with exports somewhat lower than in 1980 and imports making up about 58 per cent of use.

In spite of the closures of the last two years, the BPBIF expected UK capacity to move to more than the 4m tonnes level

Planning decisions quicken

BY MICHAEL CASSELL

ENGLISH local authorities took decisions on 100,000 planning applications in the three months to the end of September 1981.

Statistics published by the Department of the Environment show that 64 per cent of planning applications received during the July-September quarter were decided within eight weeks, a marginal improvement on the preceding three months.

The Department said the proportion taking longer than 13 weeks to decide rose from 9 to 16 per cent.

This suggests that the fraction received before the introduction of planning application fees on April 1 1981—40,000 more than normal—was still working its way through the system towards the end of last year.

The DoE said that 45 per cent of decisions involved alterations to homes, and 18 per cent involved housing development.

Applications from householders were generally dealt with quickest while those for major residential developments took considerably longer.

The survey included returns from 349 local authorities. Mr Giles Shaw, Under-Secretary of State at the DoE, said there was still room for speeding up the planning application process.

Significant improvement in decision time had been made but a substantial number of authorities still recorded disappointing performances. He said they were expected to do better in future.

Complaint against Daily Mail upheld

By Belinda Nenk

NEWSPAPERS SHOULD be careful not to publish misleading photographs composed to suit particular stories, the Press Council said yesterday.

The council upheld a complaint against the Daily Mail brought by Mr Derek Lamb of Potters Bar, Hertfordshire.

Mr Lamb complained that the Daily Mail cut and reassembled a photograph, shortening the distance between the faces of a police officer and a shouting black youth. The picture appeared with a story about the Brixton riots and was captioned "Anger and Authority: face to face but still miles apart."

But a picture in Time Out magazine showed the youth and the officer further apart with another policeman in the background visible between them.

Mr Lamb said the picture created a deceptive image and as such the photograph published was a fiction.

Mr David English, the Editor of the Daily Mail, said the policeman in the background was painted out as extraneous.

Mr C. J. Rees, managing editor, said the picture symbolised the apparent gulf between some black people and the authorities and closing up the two principals marginally did not alter its meaning.

But the Press Council's adjudication said: "In this case, particularly in the light of the caption, the council finds that by painting out the second policeman in the background and by shortening the distance between the two faces, editing altered the message conveyed by the original photographs."

Work to start on hospital unit

WORK STARTS soon on a £3m hospital unit for mentally ill people in London's inner city.

The unit will have 60 in-patient beds, an 80-place day hospital and 56 beds and 40 day places for elderly patients. It will form part of St Charles's Hospital, Exmoor Street, North Kensington, and is expected to open in 1985.

Moves to combat sea pollution

THE Trade Department is expected to announce soon a development in its campaign to combat oil spills at sea—bombarding them with detergents and other counter-pollution agents from the air. Several aviation companies are expected to be offered contracts to keep one or more aircraft permanently available to be mobilised at short notice for anti-pollution duties.

Detailed plans are expected to be announced early next week by Rear Admiral Michael Stacey.

Private roads finance scheme

CONSTRUCTION companies should finance and build stretches of new trunk routes and receive an annual repayment from the Government based on how many vehicles use the roads, says the Transport Department. The Treasury, to which the proposal was submitted, is thought to oppose the scheme but road builders are enthusiastic.

Supascrew sales campaign could hold up an ailing market

Lorne Barling looks at a new twist to woodscrews from GKN

GKN, Britain's largest engineering concern, which was founded to manufacture woodscrews, is hoping to revitalise this now ailing sector of its activity with a product which it believes could eventually replace the conventional slotted screw.

Supascrew—a newly designed cross-headed screw—is now the object of a national sales campaign.

Supascrew is a development of Phillips and Posidriv crosshead screws, which claim greater strength, a double thread to improve grip, and the ability to be driven in with the driver at an angle.

Marketing in selected areas so far has resulted in sales of about 20m Supascrews in two months, and kits including a screwdriver have been selling well through outlets such as Woolworths. Kit sales are partly intended to overcome resistance to buying a new screwdriver.

The company's screw manufacturing operations, based in the West Midlands, have been troubled in recent years, with the workforce falling from around 2,250 in early 1979 to about 1,100. A major reorganisation has recently taken place.

Four GKN companies were amalgamated into the new GKN Screws and Fasteners this year and up to £10m is being spent on modernising production and improving productivity.

Mr Robin Lowe, believes that changing market conditions warrant a new approach, based on GKN's reputation for quality and the band name Supascrew.

He says a rapidly increasing proportion of screws sold through retail outlets are "self-selected" in multiple stores, or DIY chains and a falling number are sold over the counter in hardware shops.

This had meant more poor quality imports were bought unwittingly since they seldom had a brand name. He believed that the increasingly discerning DIY buyer would purchase something better if the price was right.

Although retail sales of woodscrews represent only about 15 per cent of the total UK woodscrew market, GKN is aiming at the larger volume of sales in the construction industry, where slotted screws are widely used.

The company hopes to overcome the industry's highly conservative attitudes and believes that its new product becomes established through retail outlets wider acceptance by workmen will fololw.

GKN's former screw and fastening company became aware in late 1978 that it would have to adapt to a declining market, particularly in the construction sector, where a slowdown in house building meant a sharp fall in demand for woodscrews.

In industry as a whole, demand has also been falling as a result of the recession and the increasing use of mouldings, plastics, adhesives and the miniaturisation of products.

In a highly competitive industry excess manufacturing capacity of even 10 per cent is unacceptable, and cuts were necessary. Mr Tom Straughton, managing director of the new company, said further production improvements were planned this year but without significant loss of jobs.

Efficiency has been improved through the introduction of machines which forge screw heads, and roll on the threads instead of cutting them, reducing costs and waste while speeding production.

GKN believes it can increase its market share with the heat-toughened Supascrew and its new design. Prices will be broadly similar to those of other screws.

About 95 per cent of screws sold in the retail market are still of the slotted variety, and GKN recognises that it faces a long haul in persuading users that a change is worthwhile.

Postnotes to go on sale later this month

POSTNOTES which fold together in much the same way as overseas aerogrammes will go on sale at post offices from April 21. The cream paper on which they are printed will be of better quality than that used for aerogrammes.

Postnotes, which will replace inland letter cards, will be treated as first class mail. They will have no stamp value printed on them. This means they can be used as first class letters even after any future rise in postal charges.

Postnotes will be sold in packs of five for £1 and wrapped in protective cellophane. They will also be available individually at 21p each.

New Dutch parent gives troubled Ozalid a positive future

Mark Webster reports on five years of major surgery in the reprographic industry

IT HAS been a traumatic five years for Ozalid, the UK reprographic group. When Océ-van der Grinten of Holland took control in 1977, it found that Ozalid has grown fat and lazy with years of lax managerial and financial control. The takeover marked the start of a long and painful series of reorganisations which Océ believes should show results this year.

Ozalid suffered a dramatic decline after the early 1970s when it was a fast expanding and highly profitable brand leader for light-sensitive diazo paper and other copying materials. During these years of plenty, the company bought up businesses in the UK and overseas which in some cases had little in common with the reprographic industry.

What Océ found when it took over was a haphazard collection of companies loosely attached to Ozalid at the centre and never properly integrated with the rest of the group. Dr Harry Pennings, the Dutch chairman of Ozalid and a director of Océ, said the new acquisitions had been taken on while Ozalid's then management was suffering from "delusions of grandeur."

Lax management was evident throughout the group. Dr Pennings said. "There was no way the old management could have adequately controlled the business. It must have been run by the seat of their pants."

Just before Océ took control, the Monopolies Commission reported a price fixing ring involving diazo paper with Ozalid at the centre. Worse was to come when the Department of Trade instituted an inquiry into the affairs of the company. The final report, published in 1980, totally exonerated Océ from blame but heavily criticised the former management for its lack of proper controls.

After the takeover, however, Océ found there had been a lack of direction in research and development and too broad a spread in manufacturing interests. "Ozalid had been product, not market oriented. They felt that anything they could make they could sell," said Dr Pennings.

Océ began its first reorganisation of the group with the transfer in 1978 of all the international holdings to the parent company because of Holland's "better holding climate." That left the UK group fending for itself in a declining market while undergoing major surgery. The result was a slender £13,000 profit in 1979 and a £200,000 loss in 1980.

Dr Pennings said it became obvious in 1980 that further closures and redundancies were necessary. Yet by mid-1981, losses continued on a hefty scale and a "once-and-for-all" reorganisation plan was drawn up.

More production locations were shut, bringing the total closed to four, the labour force was reduced from 2,300 to around 1,000 and the wholly-owned subsidiary, J. B. Broadley, was sold. Work has been divided between the remaining two plants at Loughton, near London, and Colchester, with Loughton serving as the country's main storage depot.

The new, reformed Ozalid is "leaner and hungrier" according to Dr Pennings, and the group was now on the right track. Mr Jim Henderson, Ozalid's finance director, said sales figures for the first four months of the financial year from December 1, 1981, were "well ahead of budget."

Although Mr Henderson agreed that "four months' sales figures do not mean a recovery" he was confident that Ozalid would show a trading profit in 1982. The extra sales have reversed last year's trend when turnover was down 9 per cent on 1980 to £46m and the operating loss had soared from £200,000 to £4.6m while the loss after tax and extraordinary items had topped £8m.

Ozalid blames the recession, high interest rates and inflation for its poor performance as its market share has gradually dwindled to around 35 per cent. But Ozalid's management argues that with the latest reorganisation and its concentration on purely reprographic interests, the sales upturn should continue.

Dr Pennings said Océ did not regret the purchase but said Ozalid had been "more trouble than any other company" and had run up cumulative losses of nearly £20m since 1977. He said Océ had gained access to the important British market and those of other overseas countries where Ozalid had become established.

The British outlet would provide additional opportunities for sales of Océ's own copying equipment and supplies, he said.

That meant that Ozalid should benefit from the £100m which the Océ group intends to spend on research and development with substantial assistance from the Dutch Government. After all, said Dr. Pennings, "Océ makes it in 94 other countries—why not the UK?"

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Hospital staff to ban admission of non-emergency cases

BY DAVID GOODHART, LABOUR STAFF

ONE OF the main health service unions yesterday announced a plan of industrial action—including a ban on all non-emergency admissions—to take effect from April 26.

The 235,000-strong Confederation of Health Service Employees (Cohse) also called on other service unions to back its action in protest against the Government's refusal to send its 12 per cent pay claim to arbitration.

Speaking at a press conference after a meeting of the union's action committee, Mr Albert Spanswick, general secretary of Cohse, said: "We will ban all non-emergency admissions, and we will also ban all servicing of private patients and co-operation with private contractors in the NHS."

Other points in the plan—described by Mr Spanswick as "a minimal programme of protest"—include: selective two-hour withdrawals of labour to be arranged at branches' discretion; no non-nursing duties to be carried out by nurses and vice versa; no untrained staff to do ward or departmental administration; and no participation in management meetings.

The union has also arranged a demonstration at the headquarters of the Department of Health and Social Security, at Elephant and Castle, in London, for April 23. Also, it will ask the TUC to call a national demonstration by all unions in support of the 12 per cent "common core" claim of all health unions.

The 14 unions on the TUC Health Services Committee are to stage a one-hour stoppage this afternoon in response to the Government's offer of 6.4 per cent to all nurses and midwives, 5 per cent to ambulance drivers and 4 per cent to all ancillary and clerical staff. Mr Spanwick, chairman of the committee, said the unions had asked for a meeting with Mr Norman Fowler, Secretary of State for Social Services.

The other main health service unions will meet soon to decide what action to take. The National Union of Public Employees, which has 800,000 health workers, will meet on April 16, and the National Association of Local Government Officers, with 100,000 clerical workers in the NHS, will meet on April 23.

Pickets will be outside hospitals all over the country after April 26, but the details of disruption will depend on local Cohse branches.

Nursing staff will be involved in the two hour stoppages, as will ambulance drivers and catering, laundry and ancillary workers. Private patients now in NHS hospitals will be treated, but no new ones will be allowed in.

The union, which has 145,000 nursing members, will be writing to all health authorities to inform them of its plans.

Dockers in talks to gain higher pay-offs

By Brian Groom, Labour Staff

PORT EMPLOYERS will meet dockers' leaders today in an attempt to agree on higher pay-offs for further voluntary redundancies among Britain's 18,000 registered dock workers.

Rumours that maximum severance payments could rise to £22,500 a head in a new temporary scheme, compared with the present £10,500, were described by employers' leaders yesterday as "not impossible."

Mr David Waddington, junior Employment Minister, announced a substantial debt write-off and rescheduling for the industry's national severance scheme last week, conditional on agreement being reached with the union side on new severance payments.

A new temporary scheme could aid Liverpool, where 715 redundancies among dockers are currently being sought, and London, where the Port Authority may be seeking over 500 redundancies.

Britain's registered dock labour force has fallen sharply from 57,000 in 1967 to 18,000 now, but the National Association of Port Employers believes that further containerisation, and the shift in trade from West to East and South Coast Ports, means a further fall to about 14,000 in three to five years.

Today's meeting may discuss both a new temporary scheme aimed at the early removal of over 1,500 dockers, and a longer-term raising of the basic payment level.

Redundancy money was raised to a maximum of £16,000 last year in special two-month schemes—one for London and Liverpool, and one for the whole of the industry. This helped achieve 4,785 redundancies over the year, but it is widely agreed that higher payments will now be needed.

The Government largely accepts the association's proposals for financial assistance, but has refused grant-aid for severance outside London and Liverpool.

Mr Waddington's package would: write off £22m of the National Dock Labour Board's debt to the Government, considered to have arisen from past redundancies

Post Office wage talks to resume tomorrow

BY OUR LABOUR STAFF

PAY TALKS will resume tomorrow between the Post Office and the Union of Communication Workers after two days of negotiations ended in deadlock before Easter.

The Post Office last month offered its 150,000 workers an increase of 5 per cent in response to the union's claim for 20 per cent.

The union rejected the offer after two meetings, but although no new figures have been agreed from last week's talks both sides are now said to be considering how to bridge the gap.

In a circular sent to branches last month, Mr Tom Jackson, the general secretary of the UCW, said the union's case was based on a number of factors, including:

● The widening of internal pay differentials since 1974 and 1978.

● The rises in the Retail Price Index since 1978.

● Comparisons with pay rates of European postal workers.

The union will be negotiating separately its claims for a shorter working week and shorter hours.

John Lloyd looks at the moves to narrow the scope for industrial action

Tebbit aims to cut union immunities

THOSE MEASURES in the Employment Bill which would make unions liable for unlawful acts committed by their officials, and which would narrow the definition of lawful industrial action, are seen as the most radical of its proposals.

For the Bill's supporters, these are the clauses which would force the unions to become more responsible. For the unions themselves, they signal the end to 75 years of essential immunity from legal action by employers, and a danger to their funds, their organising strength, even to their very existence.

The clauses on the closed shop are seen as an immediate threat to union control over their members' conditions of work, but the clauses on immunities, the narrowed definition of what constitutes industrial action, are seen as a larger explosive charge at the end of a slower-burning fuse.

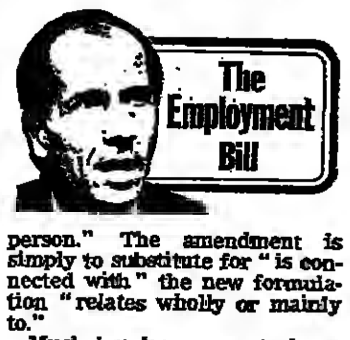
Clause 12 of the Bill would repeal Section 14 of the 1974 Trade Union and Labour Relations Act (TULRA), which gave unions effective immunity from all actions in tort by any of their officials (who could be held liable individually). These immunities applied both within and without disputes.

Once the Bill becomes an Act, union funds will be open to legal action taken against them by employers because of unlawful acts by their officials—unless these officials' actions are repudiated by the union's national executive, or by an officer (presumably the general secretary or president) authorised to act in its name.

The damages employers can claim are specified in Clause 13 (unlucky for who? union wits are already asking). They are large but not unlimited. The maximum which may be awarded is £250,000, against a union with more than 100,000 members. Smaller unions would be liable to damages of from £5,000 to £125,000.

Clause 15 would narrow "lawful" industrial action to that between workers and their employers, and remove from legality disputes between workers and workers, along with most disputes related to international issues.

Crucially, the clause would amend Section 29 of the Tulra (1974), which defines a trade dispute as one which "is connected with the employment or non-employment, or the terms of employment, or with the conditions of labour, of any person." The amendment is simply to substitute for "is connected with" the new formulation "relates wholly or mainly to."



Much has been seen to hang on these words. In the case of *NWL v. Nelson & Woods* (1979) the House of Lords rejected the argument that the blacking of the ship Nawala by the International Transport Workers' Federation was not a legitimate trade dispute because it was in furtherance of a "political" campaign against flags of convenience.

Lord Scarman argued in his judgment: "A dispute may be political or personal in character and yet be connected with, for example, the terms and conditions of employment of workers: such a dispute would be within the Sub-section (of the 1974 Act)."

The disturbing feature for employers of the Lords judgment was the wide immunity bestowed by the phrase "is connected with": A connection, it was clear, could be tenuous. Neither employers nor the Conservative Party were, it seems, reassured by two other judgments—BBC v Hearn (1977) and Express Newspapers v Keys and Others (1980)—which ruled that a threatened blacking of the transmission of television coverage of World Cup football to South Africa, and print union members' participation in the TUC's Day of Action, were wholly political, and not immune.

Thus the new clause would prune the possible flowering of disputes to the central stem of the wages struggle. Where union officials attempt to mount "political" or other unlawful actions, unions could be liable. In theory, then, the TUC's Day of Action, which involved members from many unions, could have cost those unions millions.

These measures have attracted solid support from most management bodies. The CBI, the British Institute of Management and the Institute of Directors all regard them as a necessary discipline for unions in an area where they have shown too little restraint in the past, and see them as likely to lead to more authority being exerted by unions against the wilder spirits among their officials and shop stewards.

Yet the proposals, because of their avowedly radical nature, also pose large problems, some or all of which may serve to provoke conflict. These are:

● The repudiation of officials' action, which would let a union off the liability hook, could be purely formal. Union leaders are already mooting the tactic of arranging a "repudiation" with the officials concerned to protect union funds, then ensuring that any liabilities which fell upon the official would be met by the union—quietly. Repudiation could become a large, private joke—on Mr Norman Tebbit, the Employment Secretary.

● The movement within unions, and to an extent within industry, towards increased authority and power for local officials and shop stewards continues, in spite of highly publicised reversals at BL and elsewhere. Assumptions that this movement is always in a militant direction are erroneous: For example, local negotiators in unions led by the Left, such as that of the Transport Workers, often quietly conclude redundancy agreements which would have their executive reaching for their revolvers.

Unions which have encouraged such local initiative are not going to discourage it for Mr Tebbit. Even the more disciplined ones, such as that of the electricians, need local initiative and, on occasion, militancy, in order to be credible.

● The confinement of the definition of trade dispute to that between worker and employer would pose endless problems of definition in the public sector. For example: Is union action against a local authority's decision to "privatise" some of its services politically or industrially motivated? The decision has been taken politically—but what if it involves redundancies among the work-force, or might reasonably be assumed to do so? In the National Health Service, action against the use of paybeds would seem to be ruled out.

● The unions are very opposed to legislative changes to their internal structure (or lack of structure). Many agree on the need for change. Some were shocked by their own lack of ability to deliver a consistent deal to the last Labour Government and would want to do better next time. But all would, at least on paper and in committees, repel Conservative attempts to do it for them.

● Employers may not wish to act. Mr James Prior, the former Employment Secretary, bore the scars of what he regarded as employers' refusal to grasp their chance under the Heath Government's legislation, and was wary of exposing them—and the Government—once more. Mr Tebbit is not so hampered, and believes the employers are stronger now.

He will also have noticed that it is in precisely the area covered by these clauses where the first hairline cracks in union solidarity have begun to appear. The special conference of union executives on April 5 showed a difference of views among union leaders on whether the £1m TUC fighting fund should be used to pay legal fees and fines. Left-wing officials argued for non-payment of fines, even for non-appearance in court, while others maintained that the issue be left open. The TUC will have to work hard to prevent that thin fissure widening.

There is, however, no disagreement that the issue will be tested. Then—as Mr Len Murray, the TUC General Secretary, told the assembled union executives—the hard pounding begins.

● Clause 12 of the Employment Bill brings legal immunities for unions into line with those for individuals, so that they can be held liable for officials unlawful acts.

● Clause 13 lays down upper limits which may be awarded against unions, varying according to union membership (maximum £250,000).

● Clause 15 narrows the definition of trade dispute to one between workers and their employers, thus effectively excluding "political" strikes.

Chemical groups face industrial action over backing for Bill

THE CHEMICAL Industries Association is the latest employers' organisation to be pressed by its unions to dissociate itself from the Employment Bill—or face industrial action, reports John Lloyd.

Mr David Warburton, secretary of the Chemicals Unions Council and national officer of tha General and Municipal Workers Union, said that industrial action was "a real possibility" if any member of the association took action under the Bill.

In a letter sent to day to Mr Martin Trowbridge, the association's director general, Mr Warburton claims that industrial relations executives in the chemicals companies have shown no support for the Bill's measures, and that "I understand that such opinions were expressed through your association."

The chemical unions' initiative is one of a number pursued by unions throughout British industry, in an attempt both to warn employers off the Act, and to increase the sense of foreboding unions claims to detect among industrialists over its consequences.

Mr Warburton writes: "There is no doubt that the Government's proposals could have perilous consequences for the maintenance of good industrial relations across all sectors of the chemical industry.

"If the provisions of the Bill become law, the catalyst for enacting major sections of the Bill will be individual companies, thus absolving the Government from any subsequent action which could be taken by unions to protect both their members and their funds."

The chemical unions have asked the chemicals companies to dissociate themselves from assertions by Government ministers that they had the employers' support for the Bill; reaffirm that closed shops would continue to be honoured and pledge that the provisions of the Bill would not be used.

The unions will meet within a week of a reply from the association.

Will the politicians take up Mr Prior's invitation?

Brendan Keenan in Dublin assesses the Ulster assembly

THEY'RE talking tough these days in Stormont Castle, seat of the Northern Ireland Office in Belfast. Mr James Prior, the Northern Ireland Secretary, has more or less committed himself to elections this autumn for a Northern Ireland assembly—and he and his officials will brook no objections.

What if, for example, the Official Unionists refuse to take part in the elections? The poll will go ahead without them. What if the SDLP, representing most Catholics, refuses to take its seats? The assembly goes ahead without them.

What if the whole thing becomes a mere talking shop, with no agreement? At this question, British officials tend to get exasperated. "At least we'll know," said one, "that the people of Northern Ireland don't want even a semblance of democracy."

It is a bold strategy, treating the election as though they were some kind of political task force which, the closer they come, will force Ulster politicians into the near-forgotten role of takers of hard decisions.

Oddly enough, the warmest welcome for Mr Prior's White Paper, published last week, has come from Rev Ian Paisley, who hardly took part in the preliminary negotiations at all.

Behind his trumpeting, the leader of the Democratic Unionists is saying that he hopes an executive will be formed from the assembly. What be is against is "enforced power-sharing,"—but that is Unionist code for willingness to negotiate.

Tha position of tha Official Unionists is more uncertain. The party is united in its determination to keep Mr Paisley in second place and so will try to fight the elections. But it is divided between those—such as its leader, Mr James Molyneaux—who do not want devolution and those—such as his heir-presumptive, Mr Harold M'Cusker—who do.

The feeling among observers in Belfast is that the bulk of the party is devolutionist, and that this will see them in their seats if and when the assembly meets.

For the first time, though, a Northern Ireland initiative is being launched in the face of outright hostility from tha SDLP and the Irish Government. The belief is that the SDLP will fight the elections, for fear of being outflanked by the Provisionals and their fellow-travellers, but there is a danger that they will not take their seats.

One thing which may persuade them to take part is that the Northern Ireland Office is confident that there will be a parliamentary tier to the inter-governmental Anglo-Irish Council, even though the Whita Paper and the enabling legislation do not say so.

The explanation given is that governments cannot formally tell parliaments what to do. When the tier is established, any member of tha assembly will be able to take part—so tha Unionists cannot prevent the SDLP from participating.

This is more or less what the Irish Prime Minister, Mr Charles Haughey, has been demanding. The big difference is that the British do envisage no executive functions for the council. The White Paper says cross-border developments are a matter for the Assembly.

Behind these arguments lies a wide difference in perspective between British ministers and local politicians. Mr Prior is known to believe that, if only the uncontentious committees in Agriculture and Commerce were operating by 1984, the experiment would have been a success.

Northern Ireland politicians cannot see the relevance of that to their fundamental political and economic problems. The British must try to persuada them that, if you cannot agree what to do about the sinking ship, tidying the deck chairs is better than nothing.

Guernsey to tighten links with banks

Financial Times Reporter

GUERNSEY is taking steps to improve liaison between the authorities and the offshore finance industry.

The move, designed to give the 44 banks operating in the island more say in policy-making, will correspond with a seminar to explain to local MPs the importance of the finance industry and bow the Government can help it develop.

Closer liaison will be established through the finance industry's policy advisory hoard, to be beaded by Mr Roy Le Poidevin, chairman of the island's Department of Commerce and Industry.

Powers

Mr Le Poidevin, a leading local politician, is responsible for fostering the island's offshore finance business.

He said the new board would be as representative as possible of the banking community and would bave powers to co-opt these specialists.

"This will give the finance industry opportunity to express views, put forward ideas and be involved in the process of policy-making," he added.

The seminar, organised by the authorities and the banks, will emphasise the industry's value to the island's exchequer and to local employment prospects.

Expand

Last year pre-tax profits of the island'a banks, excluding the UK clearing banks and the Trustee Savings Bank, totalled £17.5m. About £2.7bn of deposits are held in the island.

During 1981, when many local concerns were laying off workers, the banks took on 60 extra staff.

The Department of Commerce and Industry is also to set np a policy advisory board for light industry, which the island is trying to expand to offset the decline in horticulture.

More salvaged from Hedderwick crash

BY JOHN MOORE, CITY CORRESPONDENT

THE liquidator of Hedderwick Stirling Grumbar, the failed stockbroker which crashed with a net deficit of £1m last year, is making further progress in recovering funds.

A former manager of the Hedderwick gilt-edged department, Mr Terence Webster, last week made an out-of-court settlement of £100,000 to the liquidator, who is the Stock Exchange's official assignee, Mr Marlin Fidler.

Hedderwick was hammered on the Stock Exchange in mid-April last year when its banker, National Westminster, refused to handle cheques to cover its gilt dealing for the day. Gross debts of the firm have been estimated at £6m.

The crash provoked much legal action. Another member of the giltedged department, Mr Agnello de Souza, was sued by the Stock Exchange's official liquidator in Hedderwick's name for £1.9m. But the action was settled out of court when Mr de Souza paid about £400,000.

Other action was being pursued against Mr Webster, but this is understood to have been dropped after his settlement of £100,000.

Ackroyd and Smithers, the leading stock-jobbing firm, also took legal actinn against Hedderwick in an effort to recover £1.85m which the stockbroker owed it under gilt edged dealing.

The liquidator's main battle now is with Quilter Goodison, the stockbroking firm beaded by Sir Nicholas Goodison, the Stock Exchange chairman.

Quilter Goodison was due to merge with Hedderwick's minutes before the collapse. Although the merger did not go ahead, Quilter Goodison succeeded in picking np roughly 80 per cent of Hedderwick's private-client business. Since then there has been a wrangle behind the scenes between the liquidator and Quilter Goodison over whether the firm had any liability to make a consideration for the private-client business.

A legal deadline has been given for Quilter to arrive at the basis of an out-of-court settlement.

The valuation of the private client business of Hedderwick only one part of its activities, is complex and much depends on whether Quilter admits any liability for a payment.

On another front, legal action is also outstanding against licensed dealer Farrington Stead. A court order has frozen more than £1m of assets at this Manchester investment firm involved in the collapse of Hedderwick. Mr Fidler is trying to recover debts of more than £1.5m owed by Farringtnn.

In addition to Hedderwick's claims, more than 120 individuals are owed money by Farrington. Mr Fidler is attempting to negotiate a settlement satisfactory to both sides.

Fares anger may give Livingstone poll boost

ANGER at fare increases forced on the Labour-controlled GLC after its ill-fated cheap fares scheme, is likely to benefit them in next month's London borough elections, Mr Ken Livingstone said yesterday.

The GLC leader launched Labour's election campaign at County Hall. Labour will contest all 32 seats on May 6.

Mr Livingstone said: "When we cut fares people were ambivalent but they began to see the benefits in terms of improved transport and services. When the Law Lords snatched the cuts away, the whole mood changed.

"The one thing Londoners bave now seen is the importance of subsidies for pnblic transport and that has produced a tremendous degree of support for us as the party that introduced the fare cuts. I think we will really benefit."

Mr Livingstone predicted that in London the Labour Party would do better than the national average in the local government elections. "I am fairly confident, now that people have had a chance to see the record of the Labour GLC, that on election night we will be analysing why Labour has done better in London than elsewhere," he said.

He expects Labour to gain control of the London Boroughs Association, which would help a Labour-controlled GLC to put pressure on the Government, for amending legialation on London Transport fares.

Mr Livingstone said: "In a sense, people who vote Labour in May will be trying to save our cheap fares policy."

However, the Labour campaign would focus on the fight against Government spending cuts.

Mr Arthur Latham, chairman of the Greater London Labour Party, said the principal issue would be on which we will be fighting will be to resist Mr Heseltine's attacks on local government and "a pledge to restore services."

He also emphasised the importance of women's and ethnic minority rights. Labour would field a "good proportion" of women candidates, but fewer from ethnic minorities than they would have liked.

The GLC gets another chance to save its cheap fares scheme and stop transport cuts when the Private Member's Bill presented by Mr Douglas Jay, MP, comes up for its second reading in the House of Commons on April 23.

● A £2m job creation scheme funded by local government and the Common Market has been a "staggering" success in the Strathclyde region, it was claimed yesterday.

The scheme has created more than 1,000 jobs and a further 1,000 are expected, said Mr Charles Gray, depnty leader of the Labour-controlled Strathclyde Regional Council.

Honeywell to expand its Scottish base

By Belinda Nenk

HONEYWELL, the U.S.-owned bigb technology company, yesterday announced a £1.3m investment and job creation programme for its Scottish factories.

The electronics company is to employ 100 more people et its factories in Newhouse, Lanarkshire, by late 1983.

The development involves production of membrane keyboards for use in electronic and computer equipment marketed in Europe.

The company established a Scottish base in 1948 and now employs more than 5,000 people at 32 centres in the UK and the Rapublic of Ireland.

The expansion of Honeywell's research and development capability was welcomed by the Scottish Office as a lead for other American and European companies to follow.

Mr Alex Fletcher, Scottish Industry and Education Minister, said the company recognised the research work at Scottish universities and institutions, and the assistance of the Government.

"I hope other overseas companies will see the merits of this, and consider carefully the case for establishing integrated plants in Scotland.

State aid cut threatens diving training school

FINANCIAL TIMES REPORTER

THERE will be a shortage of qualified deep-sea divers in the UK sector of the North Sea if the Fort William Diving Training School closes permanently.

Offshore diving contractors, stunned by the Government's recent announcement of its withdrawal of financial support for the school, hope that some form of private enterprise will keep the centre running.

Mr Malcolm Williams, chairman of the Association of Offshore Diving Contractors, said in Aberdeen that the cash cut would not affect the diving industry in the short term.

But Mr Williams, joint managing director of one of the North Sea's largest diving concerns, Wharton Williams, added: "If the school does not continue then in the long term we will become short of qualified mixed gas divers."

The Government announced the cut-off of state aid to tha centre, which has received £8m of public money since it was set up in 1976, because of failure to agree on how the centre, costing £1m annually, should be funded.

Discussion had continued for two years, with the Government pressing the offshore industry to fund the establishment. It trains about 120 divers a year and is the only one of its kind in the UK.

AODC was convinced that it bad reached agreement with the Government, but the association had no further effective role. The matter now passed to individual companies, said Mr Williams.

Outlining three possibilities for the future of private diver training, Mr Williams said that if commercial forces were effective, the school would continue.

A commercial company could step in and buy or lease equipment from the Government. A group of diving contractors might club together or individual contractors could run private training schemes, but setting up the centre from scratch would cost £3m, he said.

Loss of the school would be a "severe blow" to the UK diving industry, the association said.

"It is ironic that nine months after introducing Government regulations, which in part relied on the existence of the centre, the Government should now make a statement which implies its closure.

"We are bitterly disappointed that despite months of negotiations . . . the school is now apparently going to close at the end of April," the association said.

OBITUARY

Lord Greenwood dies

LORD GREENWOOD of Rossendale, the Labour life peer, former cabinet minister and MP, has died aged 70.

Mr Anthony Greenwood grew np in a world of Labour politics as the son of the party's deputy leader, the late Mr Arthur Greenwood.

Lord Greenwood had a beart attack at his home in Downshire Hill, Hampstead, yesterday and was taken to tha nearby Royal Free Hospital, where he died.

His funeral is to be held at Golders Green Crematorium, but no date has been arranged.

Mr Anthony Greenwood was ednceted at Merchants Taylors' School and Balliol College, Oxford, where he was president of the Union.

He entered Parliament in 1946 after war service as an intelligence officer in the RAF.

He was MP for Heywood and Radcliffe from 1946-50 and then for Rossendale until he became a life peer in 1970.

His ministerial posts included Secretary of State for Colonial Affairs, Minister of Housing and Local Government and Minister of Overseas Development.

He was chairman of the National Executive of the Labour Party in 1963, the year before Sir Harold Wilson became Prima Minister. Lord Greenwood leaves a widow and two danghters.

ENERGY REVIEW

Major projects get caught in the oil price trap

By Ray Dafter, Energy Editor

AFTER ALMOST a decade of uncertainty energy planners and fuel equipment manufacturers have again been sent back to the drawing board to reassess investment needs. Once more they have been caught in the oil pricing trap.

A number of major energy projects, needed by the West to relieve its future dependence on imported crude oil, are being rendered uneconomic by falling oil prices. Exploration activity, particularly in the U.S., is slowing down as drilling companies contemplate the possibility of the present world oil surplus continuing for years. Drilling rigs and tubular goods which were in short supply during last year's exploration boom are now being stockpiled.

But it is the fuzzy long-term picture that is causing the biggest problems. Companies investing in costly fuel and power plants have to take a view about energy prices in five to 10 years time—perhaps even longer ahead—when the projects are due to be commissioned.

The trouble is they do not know how prices will settle this year, let alone what will happen from now on. Will economic growth, stimulated by the recent drop in oil prices, mop up the surplus supply of crude oil and restore the world energy balance? Or will continued conservation, low growth and extra oil exports from places like Iran, Iraq, Mexico and the North Sea maintain the present glut? In truth, no one knows.

One leading banker confesses that 18 months ago he and his company were working on the assumption that oil prices might rise to $50 a barrel during 1982. The bank has had to alter its ideas radically given that the reference price for the Organisation of Petroleum Exporting Countries (Opec) is now $34 a barrel, premium grade North Sea crude is being sold at a contract price of $31, and plenty of spot market oil is available at a good deal less than $30.

On the other hand Dr Terry Thorneycroft, corporate planning manager of English Clays Lovering Pochin and Company—a major UK energy user—forecast about 18 months ago that prices would decline in 1981-82 and that between 1980 and the year 2000 there would be no overall rise in the real price of oil.

As Mr Howard Kauffmann, president of Exxon, recently remarked: "Trying to forecast oil demand, supply and price in today's market is like trying to paint the wings of an airplane in flight. Even if one succeeds in covering the subject, it's unlikely to be a tidy job."

Exxon has been among those taking a fresh look at its investment plans. Mr Kauffmann told U.S. security analysts in February that the corporation had reduced substantially its projection of future world oil supplies based on shale, tar sands, very heavy oil and liquefied coal. Last year Exxon was assuming that synthetic fuels would contribute 8m barrels a day—or 4 per cent of the world energy supplies—by the end of the century.

A case in point, concerning Exxon, could be the Colony project in Colorado, an ambitious scheme due to provide 47,000 barrels a day of upgraded shale oil in the latter part of the 1980s. Exxon has a 60 per cent interest in the project with Tosco Corporation, a U.S.-based energy company, holding the remaining stake.

Colony is the most advanced of the U.S. oil shale projects but its estimated construction costs have just been raised from an original $3.15bn to $5bn. This increase has prompted the U.S. Synthetic Fuels Corporation, the government agency responsible for synthetic fuel guarantee programmes, to warn that it may have to reconsider the terms of $1.1bn loan guarantees granted to Tosco. The move has cast fresh doubts over the project.

And falling prices have not helped. Exxon has indicated that it could make the project pay with world oil prices at last year's level of about $35 a barrel. But in the past few weeks U.S. crude oil prices have dropped to between $30 and $32.35 a barrel for high quality grades and $28-$31 a barrel for less-favoured sour grades.

Mr John D. Lyon, executive vice-president of Tosco and chief operating officer of the corporation's oil shale division, told a recent energy seminar in Southern California that Colony's economics were based on an oil price assumption of $36.30 a barrel.

The corporation was proceeding at Colony "with no loss of confidence," he said. But he warned that if prices continued to fall before stabilising at around the mid-$20 a barrel mark, synthetic fuel projects as well as oil and gas exploration in frontier and offshore areas would be jeopardised.

Prices would not need to drop that far. According to figures produced by the Royal Dutch/Shell Group and other oil companies, alternative energy schemes would fall by the wayside with an oil price of around $30 a barrel (see chart). For instance, the extraction of liquids from oil sands and shale—the most attractive of the alternative energies in economic terms—is now estimated to cost between $17 and $45 barrel, and that is before any account is taken of taxes and refinery, storage and transmission costs.

There have already been some notable casualties of the glutted oil market. They include:

● A lignite gasification project near Troup, Texas, which was expected to cost more than $4bn. Exxon, the operator, said "the time for the project is not right," which is another way of saying the company could not make the scheme pay at current energy prices. The scheme has been designed to turn East Texas lignite into intermediate BTU (British Thermal Units) product gas suitable for chemical feedstocks and industrial fuel. Alternatively the gas could have been converted to liquids—the fuel oil equivalent of about 60,000 barrels a day.

● Mexico's £16.6bn nuclear energy programme may be cancelled or postponed. Earlier this month a senior government official said it would be "suicide" for the country to go ahead with the programme to install 20,000 MW of nuclear capacity by the year 2000 when the country had "lots of cheap oil."

● Panhandle Eastern's $3.5bn coal gasification project in Wyoming has been scrapped because of "too many uncertainties." Pacific Gas and Electric, a U.S. company, and West Germany's Ruhrgas withdrew last summer. The venture—dubbed Wycoalgas—was to have produced 49bn cubic feet of gas a year when completed in 1987. According to the Petroleum Intelligence Weekly newsletter the gas would have cost the equivalent of $50-$60 a barrel in 1982 and perhaps $100 a barrel in money-of-the day in 1987.

Other projects are in doubt, affected directly or indirectly by the plentiful supplies of energy, inflation and falling oil prices.

One of the most vulnerable must be the C$13bn Alsands tar sands extraction project in Alberta, Canada. Under the proposals the Alsands Group would strip-mine and process oil-bearing rock over 42,000 acres in the Fort McMurray area of North Eastern Alberta in order to produce 137,000 barrels a day of synthetic oil.

However, the Alsands consortium has been disintegrating—with the withdrawal of Shell Explorer, Dome Petroleum, Hudson's Bay Oil and Gas, Amoco Canada Petroleum and Chevron Petroleum—as a result of Canadian tax and financing problems and the general state of the energy market.

In addition, Nigeria's plans for a $14bn liquefied natural gas export scheme has been shelved partly as a result of the soft energy market, more specifically by the problems faced by the Nigerian Government in funding its share of the project.

It is not only the major non-oil schemes that have been affected by the drop in crude prices. Companies considering expensive oil field developments are also having second thoughts, especially in the North Sea where the industry continues to bemoan high taxation. Production costs in some UK fields—in terms of capital and operating expenditure—is now running at over $20 a barrel.

But it is in the U.S. that the drop in oil industry activity has been most marked, largely because of the exceptionally high rate of drilling last year. From a peak of 4,530 rigs active at the end of December, the count had fallen to around 3,640 by the end of last month. After two years of equipment shortage, almost 800 drilling rigs have been stacked, to stand idle.

That number could well grow. Dresser Industries say that with 1,500 more rigs scheduled for delivery this year the number of serviceable rigs could average about 5,850 during 1982.

Hughes Tool, the drilling industry's record keeper for rig working points out that bad weather and normal seasonal factors have accounted for some of the reduced activity. However, in an uncertain market, it is clear that many independent operators are being hurt by a shortage of funds. These independent companies drill about 85 per cent of the wells in the U.S.

The sharp turn-around has not only hit operators and rig owners. Manufacturers and suppliers of "tubulars"—the steel pipe which is lowered into oil and gas wells—are feeling the draught of the drop in drilling rates. Their problems have been aggravated by the tendency of drillers last year to order far more pipes and tubes than they needed.

"The tubular business stinks," commented Mr John Hayward, a vice president in the security research group of brokers Merrill Lynch, Fenner and Smith. "Stocks of some goods are 12 months long. Normally the industry would like to have five or six months of stocks."

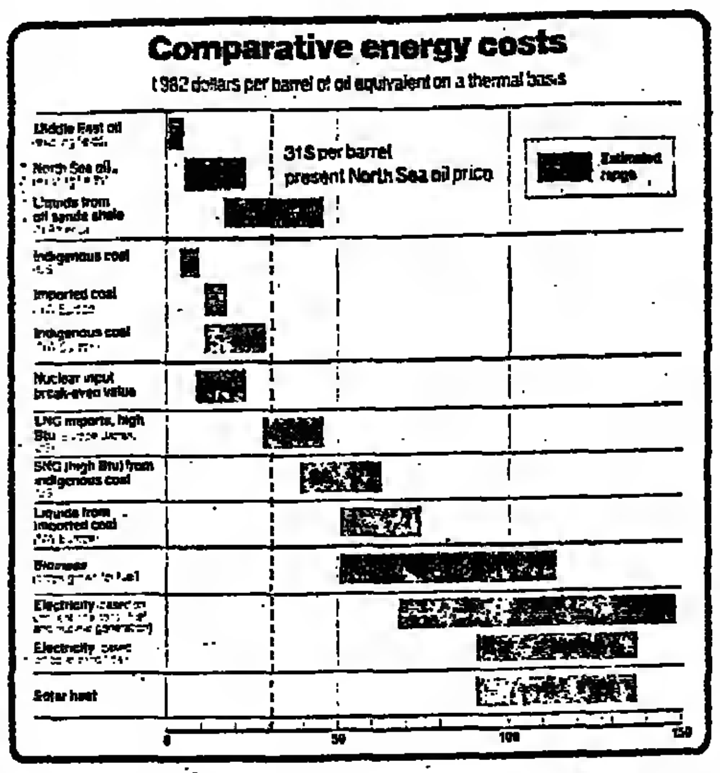
Exporters of "tubulars" to the U.S.—such as British Steel—could be among those hardest hit. Imports of such oil industry goods fell from 482,000 tons in January to 277,000 tons in February.

U.S. manufacturers have also had to come to terms with the new conditions. For instance Armco Corporation has suspended its $671m expansion of seamless tubular goods manufacturing capacity in various states, "until we are confident that economic conditions warrant resumption."

Schlumberger, one of the world's biggest oil field service companies, said that it had been reducing and re-assigning a number of its operating staff in the light of the decline in activity in some parts of the world.

But like many other companies in the field, Schlumberger said it was impossible to tell how long the present conditions would last. World-wide drilling was still at a higher level than in many recent years. Although the uncertainty made planning difficult it was widely recognised that the oil glut could disappear as swiftly as it occurred.

"The world is still running out of oil, after all," said Schlumberger. "We have seen all this before. The answer is to hang in there."



Marion Sedger

A Statement by the Chairman of Refuge Assurance

MR. P.W.D. SMITH.

To be presented at the Annual General Meeting to be held on 6th May, 1982.

From the accompanying accounts it can be seen that despite the more difficult business climate due to the recession, premium income again showed an increase over the previous year in all three Refuge Branches; the increase, in total, amounting to just over 6½%. Unfortunately this was insufficient to keep pace with inflation, which, as measured by the Retail Price Index averaged 11.9% year-on-year during 1981. The lower overall level compared with 1980 was, however, encouraging. More detailed comments on the year's results are made later in this Statement.

BOARD AND MANAGEMENT CHANGES

Towards the end of 1981 Mr R. Webster indicated his intention to retire from the Board at the end of March 1982, and his decision was accepted with regret. Our grateful thanks are due to him for his valuable service over a very long period, including 11 years as the Company's Actuary before his appointment to the Board in 1970.

In June 1981 Mr J. S. Gee, the Actuary since 1970, retired and Mr N. Peterson was appointed to replace him. At the end of 1981 Mr W. N. Brewood retired as General Manager. Both of them have contributed a great deal, not only to the Refuge, but to the Insurance Industry as a whole during their careers, and we are pleased that they will be remaining on the Board in a non-executive capacity.

These executive retirements are the last, for the time being, in a long list of changes over recent years and the new management team for the 1980's has now taken over. On 1st January 1982 Mr A. T. Booth, who had been Managing Director from 1979, was appointed Deputy Chairman and Chief Executive and it is intended that he will devote part of his time to the development of the Refuge group, with a possible broadening of the spread of activities, in the years ahead. Mr V. G. Ramsden was appointed Managing Director and has responsibility for the whole of the insurance activities of the Company. He has three General Managers, Mr A. H. Wych, Mr S. W. Walters and Mr. J. Swarbrick, each with a joint responsibility for the progress of the Company but specialising in Administration, Marketing and the General Branch respectively.

COMPANIES ACT, 1980

You will have noticed that the name of the Company on the Annual Report and Accounts has changed. This is in accordance with the provisions of the Companies Act, 1980 wherein we were required to re-register as a "public limited company". From October 1981 the Company's name became "Refuge Assurance, public limited company", or, shortened, "Refuge Assurance PLC". A period of twelve months is allowed for the changing of all Company forms and stationery.

Another important change is made under Section 14 of the Act, as a result of which the Directors cease to be empowered, as they now are under the Articles of Association, to issue shares in the Company without the prior authority of shareholders. Your Board believes that it would be in the Company's best interests that they should continue to have the ability to issue new shares without the delay and expense caused by calling an Extraordinary General Meeting. Your approval is therefore sought for the passing of a Resolution at the Annual General Meeting whereby the Directors may, for a period of 5 years, allot the authorised but unissued shares of the Company without further reference to shareholders. Any such issue would, of course, remain subject to the requirements of the Stock Exchange.

In addition, Section 17(1) of the 1980 Act gives statutory rights of pre-emption, whereby any equity shares issued for cash must be offered to existing equity shareholders pro rata to their holdings. However, if the Directors are granted the above authority by the shareholders, they may then be given the additional authority to allot shares as if the statutory pre-emption rights did not apply. Your Directors consider it advisable that, in the case of exceptional circumstances, they should retain the ability to make small allotments of equity shares for cash to persons other than existing equity shareholders. Accordingly, your Board is seeking your approval of the Special Resolution granting them authority to allot shares up to a maximum nominal amount of £62,500 which is 5% of the present authorised ordinary share capital. This power will expire at the 1983 Annual General Meeting, but may then be renewed by a further Special Resolution.

UNIT-LINKED LIFE ASSURANCE

As foreshadowed in my Statement last year, the new subsidiary company, Refuge Investments Ltd. launched its first contract in 1981. This was a single premium bond linked to internally managed investment funds, with a choice of either the Property Fund or the Managed Fund, and introduced from 1st May 1981. I am happy to say that the launch was well received by the Company's staff and sales by the end of 1981 exceeded £2 million.

A contract geared to regular monthly investment has also been prepared. It is hoped to introduce this in the near future, once agreement has been reached with A.S.T.M.S. over commission terms.

LIFE ASSURANCE PREMIUM RELIEF

From 6th April 1981 the rate of tax relief allowed by deduction from life assurance premiums was reduced from 17½% to 15%, i.e. it is once more equal to half the standard rate of income tax. As in the case of the introduction of the new system of giving tax relief in 1979, the change necessitated much advance planning and extensive work by staff at all levels. With this in mind I can only stress what I said last year, that it is important for several years to elapse between successive changes in the rate of relief.

In September 1981, the Inland Revenue wrote to all offices who were offering short term bonds, utilising loopholes in legislation originally intended to encourage long-term saving to obtain tax relief, informing them that qualifying status would be withdrawn. We applaud this move, since in common with other member offices of the Life Offices' Association, we had been concerned at the possibility that this misuse of the tax relief could lead to its abolition. This would have been in the interests of neither the Industry nor its policyholders.

SUPERANNUATION FUND

Until recently, there was no provision in the rules of the Company's Pension Schemes to increase pensions after retirement, although it has been the practice during recent years to grant supplementary additions on a scale dependent on the year of retirement, the scale being reviewed regularly. These arrangements, being only promissory, have not been entirely satisfactory and it was decided that post-retirement increases should in future be paid out of funds held in trust for that purpose.

Counsel's opinion was obtained on the arrangements deemed necessary, and an interim Deed has been executed following Inland Revenue approval, enabling changes in the existing fund rules and the setting up of a Supplementary Fund to be made and effective on and after 1st January 1982. The fund was established by transferring lump sums, which had already been built up for this purpose, from the revenue accounts, at least sufficient to cover the liability associated with supplements in course of payment as at 31st December 1981. It is not expected that this will lead to any additional costs for the Company in future years. The lump sums are included in the expenses shown in the Revenue Accounts and amount in total to £6,200,000.

INVESTMENTS

The performance of our investments during 1981 was, overall, reasonably good. Ordinary share prices, having reached a peak in August, fell back sharply in September but recovered to finish the year strongly. Gilt-edged stocks started well and then—reflecting disappointment with the progress of the Government's monetary policy as well as being influenced by high interest rates in the United States—slipped somewhat during the middle months, and ended a little lower than a year previously. Property valuations continued to be satisfactory, following a particularly buoyant 1980. The total invested funds of the Refuge Life Branches, as shown in the Balance Sheets, rose by £27 millions during the year, and the market value of all the Group's assets at the end of the year was £720 millions.

As I envisaged last year, the rise in Investment Income was restrained, with mortgages especially being affected by lower interest rates. In addition, a re-arrangement of the gilt portfolio in the Ordinary Branch had an unusually large effect, resulting in only a small increase in income at the gross level. This was off-set, however, by a smaller than normal tax charge, so that there was an increase in the net yield on book values, which rose from £10.84% to £11.48%. In the Industrial Branch the net yield increased from £12.47% to £12.66%. In both branches some relief from tax arose through the lump sum payments made to the Supplementary Superannuation Fund.

During the course of the year it was decided that, under current conditions, a larger proportion of our investments should be held in ordinary shares and property. Initially this may mean a lower immediate Income but it is believed that, in due course, both capital and revenue returns will improve, and compensate more adequately the ravages of inflation. The existing and successful policy of investing overseas up to one-tenth by value of our total equity holdings will continue.

ORDINARY BRANCH

During a very difficult year, the level of new business dropped, when compared with that for 1980. Whilst total premium income increased by 7%, the number of new policies was 8% less than in 1980, new annual premiums showed a reduction of 9% but sums assured increased by 2%. The most pleasing aspect of our Ordinary Branch production was with regard to the level of sales of the Unit-Linked bond through Refuge Investments Limited, referred to earlier.

After excluding the special payment of £1,420,000 to the Superannuation Fund, expenses and commissions in the Refuge Ordinary Branch amounted to £6,750,000, being 28.7% of the premium income, compared with 29.3% in 1980.

Increased rates of reversionary bonus have been declared, following the annual valuation of the Life Fund, and terminal bonuses have been improved for policies becoming claims during the next twelve months.

INDUSTRIAL BRANCH

Whilst the level of new business also dropped in this branch, more buoyancy was shown than in the Refuge Ordinary Branch. The number of new policies was 5% less than in 1980, but new annual premiums and new sums assured each showed increases of 5%. Total premium income increased from £48,752,000 to £52,126,000. Excluding life assurance premium relief recovered under the special arrangement agreed with the Industrial Assurance Commissioner applicable to policies issued before 6th April 1979, the corresponding figures were £42,289,000 and £47,157,000 respectively, an increase of 11.5%. After excluding the special payment of £4,724,000 to the Superannuation Fund, expenses and commissions were £21,647,000 and amounted to 45.9% of the premium income of £47,157,000 compared with 47.0% in 1980.

It will be appreciated that the Company's gross premium income in this Branch was reduced by about 3% as from 6th April 1981, as a result of the reduction to 15% in the rate of life assurance premium relief.

An increased rate of reversionary bonus has been declared, based on the sum assured including any increase under the special arrangement for policies issued before 6th April 1979. Terminal bonuses for policies becoming claims during the next twelve months have also been improved.

FIRE AND ACCIDENT BRANCH

Total net premiums increased by almost 5% above the record figure of 1980. Motor premiums were down by over 12% but Property premiums were up by just over 23%.

The Motor account produced an underwriting loss of £923,000, following a loss of £284,000 in 1980. More than half the underwriting loss came from Motor Cycle insurance, and a substantial proportion arose from Motor business in Northern Ireland. During the year, steps were taken to remedy the account, and premiums were increased from 1st April 1981.

The growth in the Property account came from increased sums insured. The underwriting loss of £399,000 compares with an underwriting loss of £294,000 in 1980. The result was adversely affected by the harsh weather conditions of December 1981, and it is already clear that the 1982 result will be similarly adversely affected because of the severe weather in January. Claims arising from house thefts continue to cause us very real concern, and we are giving enthusiastic support to the country-wide campaign by the B.I.A. The total underwriting loss is £1,171,000, against £618,000 last year. Investment income has increased, and the net surplus for the year from Fire and Accident business is £96,000. The sum transferred to the Profit and Loss Account remains at £50,000.

GROUP PROFIT AND LOSS ACCOUNT

The total profits for the year, including investment income, amounted to £3,609,000 an increase of £534,000 over the previous year. The final net dividend of 10p per share makes a total for the year of 14.5p per share, an increase of 17.9%. The balance of profit carried forward has been increased by £581,000 to £1,485,000.

Following the commencement of operations by Refuge Investments Ltd. in 1981, it has become necessary for the first time to prepare Group accounts. The results from the subsidiary company have been consolidated into the Group Profit and Loss Account and Group Balance Sheet, although it will be appreciated that the additional figures are, at this early stage, very small in relation to the overall figures.

DIRECTORS' FEES

You will see from the notice convening the Annual General Meeting that there is a Resolution to increase the amount allocated for the payment of Directors' Fees. This was last increased in 1970 to a maximum of £15,000 in total for all the Directors. At the moment only the non-executive Directors draw a fee, and this is now at the level of £2,500 per annum each. There is no intention to increase this figure in the immediate future but since 1970 the size of the Company's premium income has gone up almost threefold and the Board feel that the present £15,000 allocation should be increased to £40,000 to reflect this change. It is hoped that such an increase will cover the situation for a number of years to come.

CONCLUSION

At a time of recession when all companies are doing their utmost to make progress, cut out inefficiency and improve service to customers, it is irritating to spend time and money on seemingly unnecessary diversions. For example new Accounts and Statements Regulations have had to be studied, understood and put into effect for 1981. We do not doubt the wisdom behind their authorship nor the clear intention to monitor more closely the "fringe" elements in the industry. It is inevitable, however, that all companies, irrespective of size, fall within the net, and have to divert manpower at this difficult time. It may be noted that further changes will be necessary in 1982, following publication of the long heralded valuation regulations, arising from the Country's membership of the E.E.C.

In the early part of 1981 a small number of insurance companies established the Insurance Ombudsman Bureau, being an avenue for policyholders' complaints, but dealing primarily with general insurance. We, in common with many in the Industry, felt this had been hastily set up, with insufficient consultation and that it had some undesirable features. Later in the year another group of companies set up an arbitration service known as the Personal Insurance Arbitration Service, under the aegis of the Chartered Institute of Arbitrators. Having given much consideration to the merits of the two schemes, Refuge has decided to join P.I.A.S.

Few complainants feel the need to go beyond writing to the Company, at which stage a satisfactory outcome is almost invariably reached, but in today's consumerist age an independent final forum appears advisable. Such a forum has been available to Industrial Branch policyholders for nearly sixty years, and it is hoped that the availability of these new schemes will eventually prove at least as successful.

As I mentioned last year, one of the most important matters for discussion during the year was the question of manning levels and establishing a new economic base for forward progress for both Company and Staff. These discussions, covering many aspects of the Company's operations, proved most constructive, and resulted in the preparation of a package for presentation to the Field Staff. I am satisfied that, when introduced, this will prove a major factor in the future prosperity of both the Company and all its employees.

To the staff at all levels, the Board extends thanks for the efforts made during a very difficult year and I am sure that shareholders join me in expressing their appreciation.

Refuge ASSURANCE PLC

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Registered Number 1354 England.

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THE ARTS

Television

Egg on the surface

by CHRIS DUNKLEY

What symbol of Easter is bright and shiny on the outside, sweet and sickly under the surface, and proves, as soon as you get your teeth into it, to be entirely hollow? Of course: eggs, as in "Oh dear, television has laid another—." The most hollow of all this Easter's eggs was, ironically, the supposedly religious programme *Sunday Best* at 6.40 on Easter Day.

It was yet another of ITV's long line of Sunday evening programmes which have doggedly set about substituting the pretty and the sweet — picturesque sentimentality — for the real thing. The succession of programmes typified by *Stars On Sunday* and currently exemplified by *Sunday Best* have about as much to do with religion—gods or faiths or striving after truth — as a modern Easter egg has to do with a chicken.

Just as the manufacturers of foil-wrapped chocolate eggs appear to have long ago abandoned even the pretence of symbolising the mystery of new life encompassed within the sublime form of a real egg, so ITV appears to have abandoned even the pretence of serving true religious belief. As it happens, I have no belief myself, but were I a Christian, Hindu, Jew or any other kind of believer, I imagine I would find the sight of Donald Swann singing "Old Macdonald had a Farm" in Greek somewhat less than spiritually uplifting.

Even worse for me was the sight on this week's programme of journalists Julian Pettifer and Ian Wooldridge lending their support to the proceedings. It was bad enough when René Cutforth, one of the journalist heroes of my youth, caved in and agreed to flog Australian margarine in the commercials. To discover Pettifer and Wooldridge, who have both received praise from this column in the past, now helping to flog a dead pantomime horse was even more disillusioning.

Not that it was the first disappointing bit of television from Wooldridge this Easter. When he started doing television, notably in *The Fishing Race*, his commentary was attractively understated, but in his coverage of hot-air ballooning in *The Wooldridge View* on Good Friday this had slackened into such a lackadaisical style of presentation that it eventually collapsed in sheer languor.

Being a bank holiday, however, there was of course even lighter-weight material around, above all circuses which for reasons quite beyond me seem to represent the very heart and soul of Easter so far as television is concerned. Early on Monday evening we found in *Billy Smart's Easter Circus* on ITV an overweight character calling himself Karah Khavak using his head, sensibly wrapped in a turban, to wedge open the jaws of a remarkably bored-looking crocodile.

Flicking over to BBC2 we discovered Jimmy Chipperfield, head of the circus family, explaining how chimps can be more dangerous than tigers. And when we switched to BBC1 there was Mary Chipperfield on *The Best of Paul Daniels* with two more (or perhaps the same) chimpanzees.

BBC 1's other holiday offerings included *A Eurovision Song Contest Preview* threateningly labelled "Part 1." It was presented by Terry Wogan as a huge joke in the worst possible taste.

One of the most cunning and effective, even if not consciously developed, of BBC techniques in the organisation's pursuit of self-perpetuation and growth is to decline to fight criticism and instead to envelop and thereby stifle it. In administrative terms this means promoting bright rebels on the staff to the point where the size of their mortgages keeps them quiet.

In programme terms it means that if one of your highest rated productions invariably attracts universal ridicule you don't abandon it and lose the ratings but instead build in your own ridicule, pre-empt your detractors, and have things both ways.

Yet it would be unfair to pretend, as those television critics who are themselves closer to light entertainment than to criticism so often do pretend, that television during bank holiday weekends is exclusively meretricious.

Though there were, indeed, an awful lot of old movies of the *Chitty Chitty Bang Bang* variety as well as the circuses it was also possible to see, without leaping from the ridiculous to the sublime, two of those film compilation programmes about programmes which nowadays seem de rigueur for Christmas and Easter, the most popular being Denis Norden's collections of film clangers.

> 'I have no belief myself but were I a Christian, Hindu, Jew or any other kind of believer I imagine I would find the sight of Donald Swann singing "Old Macdonald had a Farm" in Greek somewhat less than spiritually uplifting'

On this occasion we had BBC 2's celebration of Eric Ashby's 25 years as a wildlife cameraman in a *World About Us* called "Eye On The Forest" and HTV's programme *Filming The Impossible* which in structure if not content was very similar about cameraman Leo Dickinson who, having filmed the climbing of the Eiger, mountain descents by canoe, and formation parachuting has now taken to free-fall parachuting at night with torches. Blindfolds and lead boots next?

Both programmes were undemandingly watchable, but both consisted almost wholly of footage which looked familiar and had been shot by the cameraman in question. In Dickinson's case this was doubtless almost unavoidable since it would be prohibitively expensive to send another cameraman on his sort of jaunt to film Dickinson filming the action. HTV did what they could to provide Dickinson's views in voice-over, though it was clumsily edited.

However, the BBC's Natural History Unit in Bristol could, you might have thought, without breaking the bank, have done rather more in their 25th anniversary year to record Ashby at work in the New Forest. True there were a few shots of this supremely quiet schoolmasterish figure draping his camera with bracken and so on, but mostly we saw clips of his own marvellous footage of badgers, foxes and deer and too often they begged the very questions the programme should have answered: how do you approach a stone curlew on the nest in the middle of a barren field?

Moving further again up the viewer's scale of demand/reward, Easter also produced a whole succession of serious music programmes which were supplied with more or less "explanation" depending presumably upon the level of public acceptability of the music in the eyes of television executives. Such "packaging" is and should be taken more and more seriously as those in television realise that the medium is not really an alternative means of channelling Wagner to Wagner lovers but can reach millions who have scarcely heard of Wagner.

Humphrey Burton has always been keenly aware of this, and even if I would occasionally argue with the detail of his introduction (while following the thinking behind his clip from *Monty Python and the Holy Grail* in front of Friday's *Parsifal* I would personally have discarded it) I would never argue with the idea.

BBC1's *The Challenge Of The Passion* spent longer on the introduction than on the work itself, and since there was much interest in the setting which was Winchester Cathedral, and in the producer/director being the Bishop of Winchester, whereas the music was of the atonal and determinedly unmelodic sort which sounds to the normal ear as though it is being made up as it goes along, that was no great surprise.

And ITV's *Stravinsky* (reviewed here yesterday) was in a sense all introduction and no performance. Since it was the third in Tony Palmer's biographies of modern composers and no performance was intended that may seem an odd thing to say, yet it is surely significant that ITV will find three hours for a biography of a composer whose music would be most unlikely ever to win that much time on the same channel.

There was, too, the 160-minute American documentary *The Trials Of Alger Hiss* on BBC2 which, even though poorly edited (a good producer/editor team could have cut it 30 to 50 per cent and not only have lost nothing crucial but made the narrative clearer) was still a fascinating and ultimately appalling account of the most important of America's "red" trials of the 'forties and 'fifties.

The importance of this particular Hiss programme—there have been others — was twofold. First it brought to public attention new evidence which only became available under the Freedom of Information Act about Whitaker Chambers' confessed homosexuality which at last clarifies possible motive and about the Hiss typewriter; and second, it kept on setting the Hiss case against a general view of the period, mostly to the detriment of American public life and mores.

That, no doubt, is why this programme shares with *Le Chagrin et La Pitié* and *The War Game* the distinction of being denied a showing on the television networks of its own country.

Any television service which shows not only the Hiss programme over Easter but *Parsifal*, *Stravinsky*, and the gloriously anachronistic 1938 Errol Flynn version of *Robin Hood* (Maid Marian in lurex and lip gloss!) must surely earn at the very least the right to call itself a curate's egg.

Mel Smith, Pamela Stephenson, Griff Rhys Jones and Rowan Atkinson revving up for their opening last night at the Theatre Royal, Drury Lane, of Not In Front of The Audience

Festival Hall/Radio 3

Celibidache and Michelangeli

The London Symphony Orchestra invited Sergiu Celibidache to conduct Thursday's concert (repeated on Sunday afternoon) and Arturo Benedetti Michelangeli to play the Ravel G major Concerto. In other words, not just one of music's most celebrated *monstres sacres* on the platform but two: during the piano concerto one half expected flashes of lightning to rend the air.

This was Michelangeli's first appearance in London for nine years (others having in the intervening period been announced and then cancelled). Possible disappointments that it was the Ravel Concerto he chose for his return were much mollified by the prospects of the Beethoven and Debussy solo recital, and more important, by the transformatory quality of the performance: a work that is too often made to seem no more than a sweetmeat with a soft centre took on a heady enchantment.

In the passage of time since his famous recording of the concerto, Michelangeli's apparent air of detachment from the music seems to have increased. On one level this was a factual statement of the score—factual, simple, and perfect in every particular, each note weighed, balanced and joined to the next with the control and the precision of total mastery. But the air of detachment was a marvellous deception, as in the very best Ravel performances it should be. Between Michelangeli, Celibidache and the orchestra there was achieved a sense of surface poise and a subliminal excitement that announced the marriage of true minds with no admission of executive impediments.

While the outer movements of the concerto moved at moderate speeds the sophisticated yet absolutely inevitable pauses for imaginative detail, in the instrumental quite as much as in the solo part, concentrated the excitement; so too the fabulous enlargement of dynamic range. The slow movement was a single span, held with almost unimaginable strength of aim.

The Ravel was the centrepiece of a French programme on which the conductor worked comparable acts of transformation—the virtuosity of Dukas's *Sorcerer's Apprentice* not hard driven but compounded of textural and tonal flash and sparkle, the Fauré Requiem drawn out to rapturous lengths of finespun sweetness. With a reservation about the tenor section of the LSO Chorus, orchestra, choristers and soloists (Gwynne Howell and Marie McLaughlin), proved well able to sustain slow tempi that from any other conductor must have resulted in an interpretative quagmire. The experience was of high fascination, yet it was one from which the soul of Fauré's essential blend of reserve and muscular strength seemed to have been removed.

MAX LOPPERT

New York Opera

Montezuma at the Juillard

by ANDREW PORTER

Roger Sessions's *Montezuma* is a difficult opera to bring off. The score, like almost all his music, is elaborately and thoroughly composed and densely scored. The secret of listening to Sessions seems to be "find the line" — amid the many lines that compete for attention. Once it has been found—by conductor, by performers, by listeners—then everything seems to fall into place, and his music becomes eloquent, beautiful, and noble. The "principal melody" of *Montezuma*, Sessions writes in a preface, lies in the vocal parts, which should always — except in some declamatory passages indicated as such—be sung "in an expressive *bel canto* style."

Montezuma had its premiere in Berlin in 1964. Twelve years later Sarah Caldwell mounted it in Boston (with Richard Lewis in the title role, Brent Ellis as Cortes, and Phyllis Bryn-Julson as Malinche, his Indian mistress). It was an ambitious and thrilling attempt at the piece, but the problems of balance—in a theatre without a pit—were not solved. The Juilliard has now done *Montezuma*: not ideally, but with orchestral part (conducted by Frederik Prausnitz, a Sessions specialist) warmly and vividly realised, and in a production of high distinction, directed by Ian Strasfogel and designed by Ming Cho Lee.

The words were largely inaudible. That should not bother audiences who happily sit through operas in Russian, Czech, even Italian, knowing little of these tongues. But *Montezuma* is a special case. First, the discourses on important themselves—the opera is a highly "relevant" one about invasion, foreign domination, commercial exploitation, and social structures — need to be followed. Second, both score and drama are built on a framework of narratives: Bernal Diaz, one of Cortes's lieutenants, indites his memoirs (they are published by Penguin, and made wonderful reading), and the scenes he remembers then take shape on the stage. And incomprehensible narratives make poor drama.

The romantic, picturesque aspects of the opera fared better. The Matter of Mexico is an epic as stirring as the Matter of Arthur or the Matter of Troy, and as romantic and adventurous as *Orlando Furioso* or *The Faerie Queene*. As Prescott, its great chronicler, remarked, "Few subjects can present a parallel . . . for the display of character, strange, romantic incident, and picturesque scenery . . . It is a magnificent epic in which the unity of interest is complete." It is an *Iliad* and *Anabasis* in one. And it has the added charm and interest of being true.

The libretto, by G. Antonio Borgese, presents another problem, for it is written in tortuous English. "Bread and wine needs a man to fight and die" and "Black is beyond the moon, the sky" are typical lines, and the syntax becomes impenetrable in remarks like "Art thou the restituted king, the arisen one? Some doubt, blame thee a demon, dread as blackened flame of volcanoes, this beard, through which thou breath'st me, human as a god." Strasfogel simplified it rather in the manner of someone solving crossword puzzle clues. For "the tame high deer, feather-maned, rampant skyward to span with cotton-hair'd harvest the ranges" he wrote "horses." For "All very, stalking on important stilts, troop-shuttling from pond to bank" he wrote "flamingos."

Ingenious. But Sessions accepted that text, and fused its inflexions with his melodies at will, and I think we must accept it too. What *Montezuma* needs now is a *totally* committed production in a theatre with a deep Bayreuth-like pit, after orchestral rehearsals numerous enough to adjust the balances carefully, and executed by men who believe that its "problems" —like those of *Les Troyens*— are part of its greatness. It took a hundred years for *Les Troyens* to receive such a production (at Covent Garden in 1957). May *Montezuma* receive one before Sessions' hundreth birthday in 1996. For it is the great American opera.

Meanwhile, the Juilliard *Montezuma* has been the highlight of the New York opera season. It was done three times. The outstanding performer was the Korean soprano Hei-Kyung Hong as Malinche. A young baritone, Nicholas Karousatos, raised two secondary roles to well-nigh principal status by his well-defined tone, sharply defined words, and alert stage presence.

While on Juilliard matters, let me report that Andrew Litton, 22, winner in January of the BBC's Young Conductors' Contest, conducted as gripping an account of the first movement of Franck's Symphony as I have heard in years. (The piece was shared between two Juilliard student conductors.) His handling was broad, long-breathed, very exciting, with phrases lovingly moulded. The interpretation was positively Furtwänglerian, both in its romantic freedoms and in its sense of steady, purposeful impetus.

Bonn Opera

Manon Lescaut

by ANDREW CLARK

Operatic life in Bonn is picking up momentum. The city theatre, now under an ambitious new management, has been the recipient of a sudden flush of attention from the federal cultural ministry. The aim is to elevate the performing arts in Bonn to a level not too remote from other capital cities by casting off the mantle of what is still at heart a provincial town, bringing in the stars and attracting an audience from the resident government and diplomatic community.

The new intendant is Jean-Claude Riber, formerly of the Grand Théâtre, Geneva. He has abolished the traditional ensemble system common to most German theatres, and substituted the stagione system, limiting each season's repertoire to several new productions performed by guest singers.

The weakness of the new policy is that it shelves the best productions prematurely, panders excessively to the star system, and — for this season and next at least — features only the safest box-office material. But it has already put the standard of performance on a much higher footing.

The latest production, Puccini's *Manon Lescaut*, is almost entirely in the hands of Italians. Luca Ronconi, who produced Stockhausen's *Donnerstag* last year in Milan, keeps a tight rein on the dramatic impulse of the plot, toning down the impact of Manon's arrest in Act II, painting a vivid cameo in the Act III harbour scene, and transforming the final act of grief and despair in America into the emotional climax of the whole evening.

The first three acts were hampered by Mario Garbuglia's pretty but over-ambitious designs and Ronconi's inability to give the chorus anything more than a stationary role. The simple and highly evocative setting in the final act, however, struck to the heart of the passionate exchanges between two lovers.

It also offered unrestricted appreciation of the vocal artistry and acting skill of Mara Zampieri and Giorgio Lamberti in performances that withstood the closest scrutiny. Zampieri captured Manon's bewitching coquetry, and hit the most difficult notes with riveting power and accuracy. Lamberti's handsome Des Grieux was more masculine than most, his rich tenor voice soaring effortlessly after an initial tendency to attack from below the note. The spirited account of the score from the orchestra of the Beethovenhalle under Gianfranco Masini gave the performance a strong foundation. It was an evening to remember.

Purcell Room

Bochmann Quartet

A convincing advertisement for the continuing efficacy of Sidney Griller's coaching methods at the Royal Academy of Music, the Bochmann Quartet has been working its passage steadily through the last couple of seasons. The group's Purcell Room recital on Monday provided a useful progress report on their development, in Verdi's E minor and Bartók's first quartet.

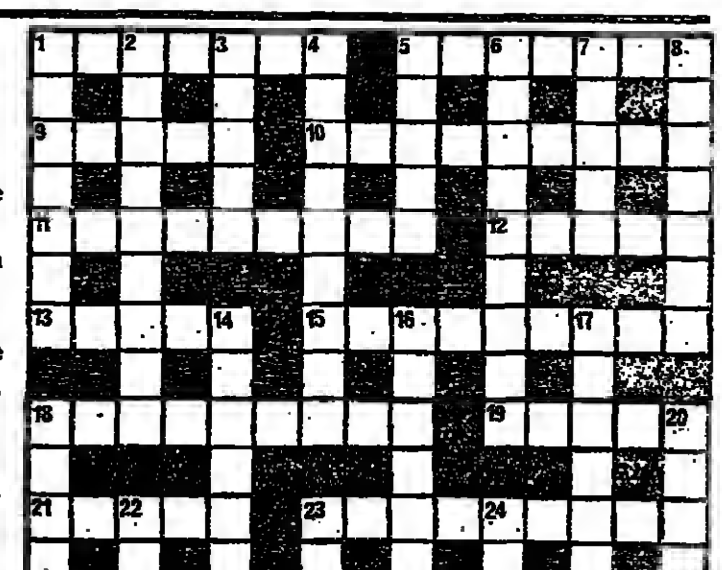
Everything the players do exudes assurance; expansive, creamy tone is lavished on every phrase and each interpretative point is gently underlined to make sure it does not go unnoticed. At present, however, both Bartók and Verdi provide challenges that stretch the group's experience beyond its tolerance. The span of the music sometimes escaped them: the lack of ability to build paragraphs into smoothly continuous wholes left the Bartók quartet especially short-winded.

The finale generated its expected quota of dynamic excitement, but suggested several times a premature ending; and when the final bars did come the result was anticlimactic.

And if the opening movement of the Verdi was shaped in an altogether too sophisticated way, the remainder of the quartet, short on obvious opportunities for elaborate gilding, went without its due characterisation. The slow movement and the final fugue especially suffered. The Bochmann had begun their programme with a novelty: John Purser's Quartet, written last year. Mr Purser evidently knows his 20th-century string-quartet literature, and has absorbed its techniques well. Too well, so it proved, for there are few moments in his four-movement work that cannot be related to a distinguished model, be it Berg or Shostakovich, Britten or Tippett.

ANDREW CLEMENTS

F.T. CROSSWORD PUZZLE No. 4,846



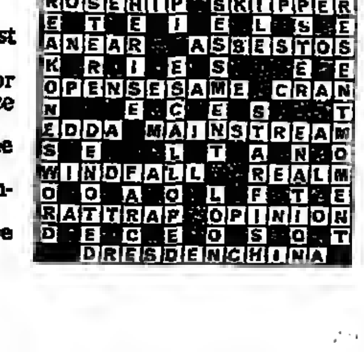
ACROSS

1 Eat the evening meal with wine to back up (7)
5 Fish to strike a viewer (7)
9 A large quantity of wine right in an old bowler (5)
10 Bring up rodent and bat (9)
11 Is anxious to croon when fondling (9)
12 Hybrid palm taking energy from its sugar and syrup (5)
13 Walk from vehicle before parking (5)
15 Pellets making fruit very warm (9)
18 Mercenary to fish in the country (4-5)
19 Stomach fish that's swollen (5)
21 Sailor given leave to fish (5)
23 Writer from West Africa goes to attend a course in a territorial division of a county (9)
25 A bit of bread and fish decaying (9)
26 Be lacking in intelligence and turn the light off (5)
27 Pupil with authority could possibly be perfect (7)
28 Thin uncle from the south? (7)

DOWN

1 Stop seamen going around the rocks (7)
2 A bugbear to confront with an inscrutable expression (5-4)
3 Florentine type of gold or silver lace (5)
4 Surrendering and going to bed (7, 2)
5 A watch-chain in colloquial language (5)
6 While accepting politician but it's cheesy (9)
7 Furnish Eastern leader with repartee (5)
8 Mount that always is in France (7)
14 Chum with a supply of food which is pleasant to the taste (9)
16 A sea group involved in an important tribunal (9)
17 Clumsy radio enthusiast passed (3-6)
18 Uniform and headgear for an old London apprentice (4-5)
20 Wishful thinker putting me in dull surroundings (7)
22 Look to employ a contemptible person (5)
23 Hush, it's a game to be played (5)
24 Illustrious and superior person with the French (5)

Solution to Puzzle No. 4,845



FT COMMERCIAL LAW REPORTS

Digest of cases reported in Hilary Term

FROM FEBRUARY 5 TO MARCH 5, 1982

Cooper v C. and J. Clark Ltd. (FT, February 5)
Mr Justice Nourse examined the "no-man's land" of fact and degree as to whether or not a given state of affairs amounted to a trade for corporation tax purposes. He dismissed an appeal against a finding of the Commissioners that when Clarks, the shoe manufacturers, invested surplus profits in the gilt-edged market, they did so by way of trade, thereby enabling them to offset their losses in the transaction against trading profits. Although he might have come to a different conclusion, the judge would interfere only if it was a decision that no reasonable commissioners could have reached.

BP Exploration Company (Libya) v Hunt (FT, February 9)
Mr Hunt received a concession from the Libyan Government in 1957 to explore for oil. He contracted with BP that he would pay for the development when the oil came on stream, BP also receiving a half-share of his concession. Both concessions were expropriated by the revolutionary government. The Law Lords held that there was nothing in the contract's terms to indicate that the parties contemplated a political risk to bring them within section 2 of the Frustrated Contracts Act, which provides that the court should give effect to a provision intended to be effective if extraneous circumstances frustrate the contract.

Kodros Shipping Corporation of Monrovia v Empresa Cubana de Fletes (FT, February 10)
When the Evia sailed to Basra in May 1980, no-one anticipated that hostilities would affect the port. But by the time the ship was ready to sail, it was trapped by the outbreak of the Gulf War. The owners contended that the charterers were in breach of the safe port warranty of the Baltime form. By a majority, the Court of Appeal held that the charterers, merely by sailing into a war zone, were not in breach of the warranty; the port was safe on arrival and unloading. Following the Nema, the Court also held that the contract had been indubitably frustrated by events, as the charterers contended. Regrettably, the frustration date differed from other decisions arising from the same event.

Pacol Ltd. and Others v Trade Lines and another (FT, February 12)
Estoppel by silence could apply to the facts of the present case when the consignees of contaminated cargo mistakenly believed that the charterers were in the position of owners to be sued under the bills of lading. By their silence to letters and queries over a period of two years, the charterers had represented that they were the proper party to be sued. Otherwise, the consignees had irrevocably altered their position to their detriment as an action against the owners was now time-barred, Mr Justice Webster held.

Shell International Petroleum Company Ltd. v Gibbs (FT, February 16)
In allowing an appeal by the insurer of the 180,000 tons of oil aboard the Salem, the Court of Appeal narrowly defined the phrase "takings at sea" for insurance purposes. There was not a "taking at sea" when the oil was taken on in Kuwait with ulterior purpose; it was not a "taking at sea" when the vessel deviated off course and sailed for South Africa; and there was similarly no "taking at sea" when the vessel had its oil fraudulently pumped ashore at Durban.

In Re Lines Bros. Ltd (FT, February 17)
As one of a liquidator's tasks on liquidation of a company is to ascertain the liabilities as existing at the winding-up, he has a similar duty if some of the debts at that date are in foreign currency. There could be no satisfaction *pari passu* until a sterling value was put on those claims. Like had to be compared with like, the Appeal Court ruled, at the date of winding-up and not at the date of payment, even though sterling might depreciate in the interim.

Hadmor Productions Ltd. v Hamilton (FT, February 19)
When industrial action is taken in contemplation of a trade dispute and so is likely to receive statutory immunity from tortious liability, an injunction would seem to serve no real purpose. The Law Lords reached this decision in a case involving the blacking of a facility company's TV series by officials of the trade union concerned. Furthermore, great weight ought to be attached to the fact that even if an injunction were granted, it would be of little practical assistance in getting the programmes transmitted.

O'May and Others v City of London Real Property Co Ltd (FT, February 23)
The House of Lords dismissed a landlords' appeal against a decision of the Court of Appeal which had granted a new lease to the tenants on the tenants' terms. The landlords had offered a fixed reduction in rent provided the tenants took on the financial risk involved in maintaining the office block. While this might have been a legitimate negotiating aim, the Law Lords held these terms could not be imposed upon the tenants against their will.

E. I. Du Pont de Nemours and Co v Akzo NV (FT, February 24)
The Law Lords had to decide whether a prior invention amounted to a publication of a later one. The earlier invention must not merely point the way leading to a later invention, their Lordships reaffirmed, but must "plant the flag" at the precise destination at which the later invention emerged. On this test ICI failed: though Du Pont had used ICI's basic finding on copolyesters, published in 1952, it had also exercised its inventive research to discover a product with valuable properties in a field very different from that covered by ICI's patent.

Balfour v Beaumont and Others (FT, February 26)
In construing a reinsurance slip policy, where the wording differed from an earlier policy, the document not only had to be looked at as a whole, but also had to be read in conjunction with the earlier policy. Further to its construction, the slip policy's immediate context, the documents submitted to the underwriters at the time, and other background material could all be regarded as relevant, Mr Justice Webster held.

British Bank of the Middle East v Sun Life Assurance Co of Canada (UK) Ltd (FT, March 2)
When the appellants obtained an undertaking from Sun Life (UK) to repay money advanced to a property company, the undertaking was signed by the unit manager. His authority to sign was confirmed, in turn, by the branch manager. In fact the UK firm dealt exclusively with life insurance. Neither manager was able to bind his employer to the undertaking. As the branch manager had no actual authority to arrange mortgages, the Appeal Court held that he could not provide his subordinate with apparent authority to do so, either.

Transamerican Steamship Corporation v Tradax Export SA (FT, March 3)
The owners entered into separate charterparties with the charterers for the carriage of cargo. The terms in each agreement were different although the owners nominated only one vessel. When the question of demurrage arose Mr Justice Parker held that while it was akin to damages for detention, demurrage could not be equated with them. The two charterparties, with such different terms, could not be read as one. Demurrage became due, therefore, on the failure to discharge each cargo within the stipulated time.

Heron International Ltd and Others v Grade and Others (FT, March 5)
This appeal to the Court of Appeal by Heron International was part of the now discontinued battle for control of ACC under its former chairman, Lord Grade. Heron won its appeal on the grounds that the arrangements made at a meeting of the ACC board to transfer shares to the Bell Group constituted a breach of Article 29 of ACC's Articles of Association. Thus all the negotiations at that meeting, the Court held, were unenforceable.

A digest of cases reported between March 8 and April 7 will appear on Friday.

By Aviva Golden

RACING

BY DOMINIC WIGAN

THERE ARE no overseas runners again for the renewal today of the pretentiously titled Tote European Free Handicap. Nevertheless, the seven-furlong listed race, with £25,000 added prize money, has attracted some smart performers, including a Harry Wragg-trained classic prospect in Miraheau.

Wragg, who last won a Newmarket classic through Full Dress II, has yet to be convinced that Miraheau is good enough to take his chance in the 2,000 Guioeaus line-up, despite the impressive evidence the colt showed at Leicester on March 29. There, Miraheau incurred a 5 lb penalty for today with a smooth success over Janndar and Triple Axel in the Burton Overy Stakes, after travelling well throughout in the hands of Pat Eddery. The success led Wragg's son, Geoffrey, to comment: "If he wins the Free Handicap, we might think about the Guineas and go on from there."

Mirabeau's full brother, Jaroboam, finished second in the 1979 Free Handicap. He probably has most to fear from Piggott's mount, Match Winner, and the once-raced Fariaffa.

Another race on the Free Handicap card, always contested by high-class performers, is the Earl of Sefton Stakes, won a year ago by Hard Fought. This time Bel Bolide should get the better of Noalto and Kalaglow.

Although it did not oblige in five attempts in 1981, the 1980 Gimcrack winner put up creditable displays on a number of occasions, notably when fourth in the Free Handicap, less than two lengths adrift of Motavato. Bel Bolide is thought to be back to that form, which was followed by third place in the 2,000 Guineas.

NEWMARKET
2.30—Bel Bolide***
3.00—Match Winner
3.30—Columnist**
4.05—Top Lady*

GARDENS TODAY

An Alpine 'top 10'

BY ROBIN LANE FOX

LOOKING BACK over some past columns, I feel that I have been beating about the bushes. In spring, your interest in alpines and rock plants rises. Every year, I discuss a particular family of alpines and encourage you to plant more. No other group of plants is so bewildering to outsiders. The names are almost all Latin and their various preferences range from dry walls to wet ponds. It is time that I named a "top 10" in the hope that they would start you off.

A word of warning, first. My own garden is on lime soil and is not particularly warm. Other "top 10s" would suit other conditions and if I lived on soil which grew azaleas, I would certainly include some primulas, the blue Himalayan poppies and the true blue Lithospermum, the plant which a past BBC poll voted the top British alpine. But my 10 ought to grow on acid soil, too, so they would suit all tastes.

In spring, I would begin with some good pulsatillas. These are lavender-blue or rose-red flowers in the general family of the anemone. The flowers open like deep cups from the soft and silky buds in April before the leaves appear. Afterwards, the fluffy seed heads last for weeks over foliage like a wild carrot's. There are many good forms, but the best, if you find the true stock, is named Budapest. When available, this turns up in the list of Jack Drake, Inshraich, Aviemore.

To ease my next choice, I will leave the big families on one side, the gentians, daphnes, lewisias and saxifrages, some of which can be awkward and which have to suit your particular soil. From the Pyrenees, I could not omit my favourite viola, the white cornuta form. This qualifies as an alpine, although it would edge any border and flower superbly for four months in summer. I like to match it with a garden form of campanula called Carpatica Blue Moonlight. This was developed from a true alpine parent and although it has been bred to its unique colour—a silvery milk-blue — the purists would forgive it anywhere. It is four inches high and makes a small mat of leaves from which the little stems bear wide cup-shaped flowers. It flowers with incredible freedom and in June, dominates its corner of the garden. The white viola mixes well with it and the pair are not too formal for a bed of alpines. Bressingham Nurseries of Diss, Norfolk, developed it and now sells it.

I would have to have a flox, but I would choose a less familiar blue variety called Laphamii. This is a lovely plant for a half-shaded soil. It turned up recently from Canada and although its enemies are slugs, it will grow into a neat bunch of thin stems. Single lavender-blue flowers with a dark eye stood off them in a thick cloud during May. I like it because it is not a flox which turns brown in its middle or takes up too much room.

Pale blues seem to attract me, so I will round them off with two more. In autumn, I could not omit the trailing geranium Burton's Blue, a garden form of an alpine from central Europe. For months, this shows open flowers whose zone of pale blue runs round a white centre. Its stems trail at ground level and put on a sudden spurt of growth during late summer. It will grow anywhere and fills in conveniently for my other blue, the rarer Codonopsis, or Himalayan Bell Flower. Any beginner could grow this easy plant whose pale lavender bells have inner markings of orange and black matched only in a passion flower. All the varieties are good, but Clematidea is the commonest, a trailing plant which shoots up to a foot in midsummer and then dies back below ground later in the year. So long as you do not dig into it while it is dormant, it will last for years. Burton's Blue covers up for it in the closed season.

It is time now for a strong yellow. None is stronger than the American forms of small Evening Primrose, or Oenothera. On a dry and well-drained soil, the form called Missouriensis is spectacular. Big cups for flower open off the creeping stems and are the boldest primrose-yellow. Wet soil or a wet winter upset its long tap root, but otherwise it grows with abandon. It needs a quieter companion and for sound value I would include one from the family called erodium. They are all grossly neglected although they flower for weeks and develop pretty clumps of finely cut leaves. My favourite is a spotted one called Guttatum whose white flowers are marked with a central blotch of chocolate-brown. It multiplies from cuttings and flowers for weeks, a quiet and curious plant for a dry and sunny soil. It is a close cousin in the wild geraniums, so you can rely on it.

In eighth place, I think we need a dramatic shrub. On any soil, my favourite is the pale lemon-yellow broom called Cytisus Kewensis. The flowers have a poor scent, but the plant has the other virtues of a good broom without either of the vices. It is not harshly coloured and it is not too upright or leggy. It will spill forwards over a low wall or the top of a bank set with alpine plants. In time, it reaches 2 ft and a width of a yard or so, but your front garden's wall can still house it.

A similar site would suit a South African shrub which used to be thought half-hardy. Euryops has survived the recent winter without dropping a leaf and its silver foliage is so handsome that I could not possibly omit it. It will not grow more than 9 in high or wide, and must stand on sharply drained soil. But it will last for years if you clip it lightly in May and stop its horrible yellow daisy flowers from appearing. For its leaf alone, this is the pick of silver alpines in any garden.

I will end with an old friend to reassure you. No "top 10" on a dry and sunny site could omit the family of rock roses. Catalogues sell them under Helianthemum and the many named varieties are the best value for money. I like those with flame coloured single flowers or with the word Wisley in their titles. These shrubs love their namesake, the sun, and will only fail on wet or poorly drained soil. After three or four years their wide mats begin to go brown in their ageing centres and are best replaced from easily rooted cuttings. White fly can sometimes be a problem in summer, but otherwise these are the great carpet-plants for a bed in June and the various shades of green or grey now bred into their leaves are a pleasure for the rest of the year.

TELEVISION

Chris Dunkley: Tonight's Choice

Tonight sees the start of two considerable drama serials. **I Remember Nelson** is an ITV biography written in four parts by Hugh Whitemore, each looking at the naval hero from the stand point of someone who knew him well. In tonight's episode, "Love," Nelson—played by Kenneth Colley in the biggest television role he has ever landed—is seen through the eyes of his wife, Fanny. The drama opens with Nelson's triumphant return to England after the Battle of the Nile, and a period of recuperation with Lord and Lady Hamilton in Naples. There Nelson's wife learns Emma Hamilton is pregnant and realises the rumours abont her husband's passionate affair are true.

BBC 2's new offering is e five-part version of Wilkie Collins' seminal thriller **The Woman in White**, dramatised by Ray Jenkins. Written in 1860 it gave rise to a whole school of "substitution" stories. Diana Quick (so successful as Julia Flyte in "Brideshead Revisited") stars as Marion Holcombe, and Daniel Gerroll plays Walter Hartright, the drawing master whose meeting with a mysterious stranger on Hampstead Heeth gives rise to the tale. The villainous Count Fosco, made a fat man by Collins to put Victorian readers off the scent, fet men being jolly in those days, is played by the late Alan Badel in one of his last television performances. He does not appear until episode two however.

BBC 1

9.50 am The Wombles. 9.55 Jackanory with Bernard Cribbins. 10.10 Lassie. 10.30-11.00 Why Don't Yon . . . ? 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Over the Moon. 2.00 "Ja, Ja, Mein Generall But Which Way to the Front?" starring Jerry Lewis. †3.00 Leon Errol in "The Fired Man." 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Scooby Doo Where Are You? 4.40 Take Hart with Tony Hart. 5.00 Newsround with Paul McDowell. 5.10 The Little Silver Trumpet.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Bellamy Up e Gum Tree (London and South East only).
7.25 The Wednesday film: "Where the Red Fern Grows" starring James Whitmore, and Beverly Garland.
9.00 News.
9.25 Rough Justice: The second programme, looks at the case of Michael McDonagh, sentenced to life in 1973 for the murder of his hrother.
9.55 Sportsnight.
10.45 A Question of Guilt: final part of the reconstruction of the strange case surrounding Constance Kent.
11.40-11.45 News Headlines.

BBC 2

10.20-10.45 am Gharbar.
11.00-11.25 Play School.
3.45 Easter Matinee: "Love Me Or Leave Me" starring James Cagney with Doris Day.
5.40 Hawk of the Wilderness.
6.00 Charlie Brown.
6.25 The Ascent of Man.
7.15 One Hundred Great Paintings.
7.25 News Summary.
7.30 The Master Game.
8.00 Leonard Bernstein Conducts the BBC Symphony Orchestra in the Royal Festival Hall. Part 1.
8.35 I, too, Sing America.
8.55 Part 2: First British performance of Bernstein's "Songfest."
9.45 The Woman in White.
10.40 Poems in their Place.
10.50-11.40 Newsnight.

LONDON

9.30 am Barney Google and Snuffy Smith. 9.40 The World We Live In. 10.05 Tha History Makers. 10.30 Memories of Eden. 11.25 Paint Along with Nancy. 11.55 The Bubblies. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Play It Again. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 I am a Muslim. 2.25 Racing from Newmarket covering the 2.30, 3.00 and 3.30 races. 3.45 Definition. 4.15 Road Runner. 4.20 Animals in Action. 4.45 Murphy's Mob. 5.15 Mr Merlin.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.35 Crossroads.
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 The Eric Sykes 1990 Show atarring Tommy Cooper with John Williams, Dandy Nichols, Chic Murray, Henry Cooper, Leslie Mitchell and The Band of Her Majesty's Marines.
9.00 I Remember Nelson.
10.00 News.
10.30 "The Valachi Papers" starring Charles Bronson, Lino Ventura and Walter Chiari.
12.40 am Close Sit Up and Listen with Tim Rice.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
9.30 am Larry the lamb. 9.45 Rocket Robin Hood. 10.10 Call it Macaroni. 10.35 The New Fred and Barney Show. 11.00 Tarzan. 11.50 Wattoo Wattoo. 1.20 pm Anglia News. 5.15 Happy Days. 6.00 About Anglia. 12.40 am The Bible for Today.

CENTRAL
9.20 am 3-2-1 Contact. 9.50 Venture. 10.15 Falcon Island. 10.40 The Electric Theatre Show. 11.10 Big Shamus, Little Shamus. 1.20 pm Central News. 5.15 Radio. 6.00 Crossroads. 6.25 Central News.

GRANADA
9.30 am Bebel Yemen: Gateway to the East. 10.05 Wednesday Matinee: "A Tale of Two Cities" starring Dirk Bogarde. 1.20 pm Granada Reports. 1.30 Exchange Flags. 1.55 Crown Court. 5.15 Mr Merlin. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports.

HTV
9.40 am Beachcombers. 10.05 Mr Magoo. 10.10 The Incredible Hulk. 11.00 Sesame Street. 1.20 pm HTV News. 3.45 The History Makers. 4.15 Ask Oscar! 5.15 Private Benjamin. 6.00 HTV News. 10.28 HTV News.
HTV CYMRU/WALES—As HTV West except: 12.00-12.10 am Ty Bach Twt. 4.15 Mr Merlin. 4.45-5.15 Doctor Snwgwl. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH
9.30 am Land of Birds. 10.00 Young Ramsay. 10.50 History of the Motor Car. 11.15 Story Hour. 1.20 pm Scottish News. 5.10 Traveller's Tales. 6.20 Crossroads. 6.00 Scotland Today followed by Action Line. 6.30 Sounds Gaelic. 12.40 am Late Call.

TSW
9.30 am Sally and Jake. 9.40 Sesame Street. 10.40 "The Love Match" starring Arthur Askey. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm TSW News Headlines. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Tele Views. 6.40 Sportsweek. 10.32 TSW Late News. 12.40 am Postscript. 12.45 South West Weather.

TVS
9.35 am Kum Kum. 10.00 Untamed World. 10.25 Legends of the West. 11.15 The New Fred and Barney Show. 11.40 European Folk Tales. 1.20 pm TVS News. 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 12.40 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 9.30 Off the Edge. 10.20 Kum Kum. 10.35 Cartoon Time. †10.45 Hopalong Cassidy: "Pirates on Horseback" starring William Boyd. 11.50 Sally and Jake. 1.20 pm North East News. 1.25 Where The Jobs Are. 5.15 Private Benjamin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.40 am The New Life.

YORKSHIRE
9.30 am Sally and Jake. 9.40 Sesame Street. 10.40 The New Accelerators. 11.05 Animated Classic. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont Editions).

RADIO

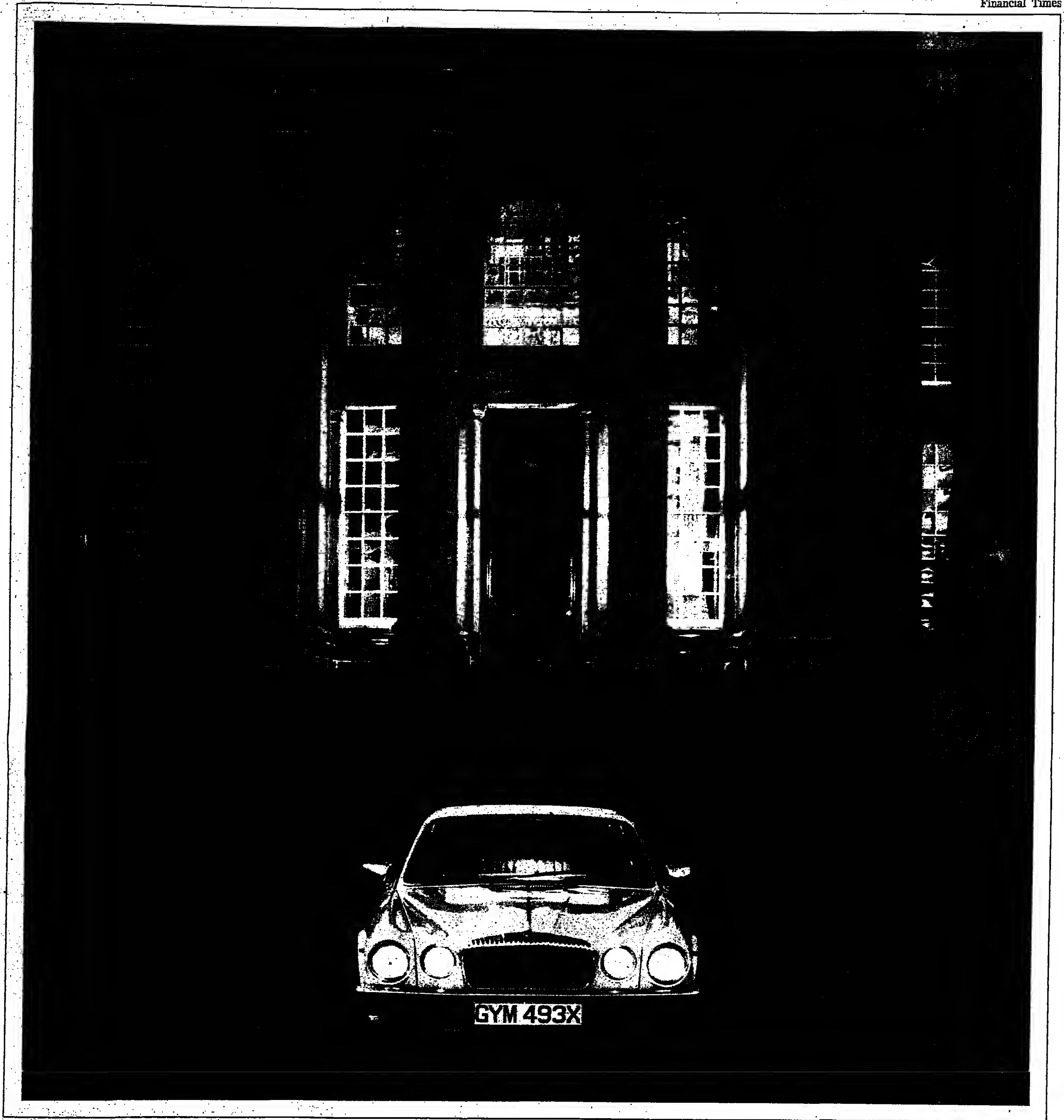
(S) Stereophonic broadcast

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.0 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Nick Page (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart including racing from Newmarket (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Alan Dell with Dance Band Days. 8.30 Among Your Souvenirs (S). 9.15 Semprini Serenade (S). 9.55 Sports Desk. 10.00 You've Got To Be Joking with Cardew Robinson. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Folk on 2 (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Gordon Jacob Clarinet Quintet (S). 10.35 BBC Scottish Symphony Orchestra (S). 11.50 Schumann piano recital (S). 1.00 pm News. 1.05 BBC Northern Symphony Orchestra (S). 2.00 Music Weekly (S). 2.50 French Songs (S). 3.30 Haydn's Sunrise (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Revolution, 24 Times a Second: Novelist and film historian John Baxter presents an assessment of 'The New Wave' era of French cinema. 7.45 Delius (S). 8.00 Leonard Bernstein Conducts from the Royal Festival Hall, London. Part 1: Elgar (simultaneous broadcast with BBC2) (S). 8.30 I, Too, Sing America: Readings of the poetry set by Bernstein in his 'Songfest' (also on BBC2). 8.50 Leonard Bernstein Conducts Part 2: Bernstein: 'Songfest' (simultaneous broadcast with BBC2) (S). 9.45 Elective Affinities by Goethe. 10.15 "Brichalla's World," song-cycle by Edward Cowie (S). 11.00 News. 11.05-11.15 Prokofiev (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 The Richard Stilgoe Letters (S). 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Henry Kelly (S). 10.00 News. 10.02 Gardeners' Question visits Wales. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 The Other Side of Silence by Ted Allbeury (S). 12.55 Weather, travel, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.47 Time for Verse. 4.00 News. 4.02 Edward Blishen reflects on listening to music. 4.10 A Lady's Life in the Rocky Mountains with Peggy Ashcroft as Isabella Bird. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Frank Muir goes into Travel (S). 7.00 News. 7.05 The Archers. 7.30 A Good Night Out. 7.45 Myth, Magic and Medicine. 8.15 Voices in Harmony (S). 8.45 Heartland. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Detective. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Chamber Jazz (S). 12.00 News.



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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How Woolworth is trying to revolutionise its customer service

BY ARNOLD KRANSDORFF

Pat Downs: "Service in the UK appears to be a dirty word"—she is trying to do something about it

F. W. WOOLWORTH is still in trouble in Britain, as last week's annual report demonstrated only too clearly.

For several years now the embattled High Street retailer has been desperately searching for a marketing strategy to break a downwards spiral which has taken annual trading profits from £74.2m to £47.1m over the past three years.

First there was the attempt to upgrade many items of merchandise in line with many of its competitors. More recently there was the expensive move into D-I-Y through the acquisitions of B and Q (Retail) and Dodge City, and Operation Crackdown, the price-cutting exercise which imitated Tesco's Operation Checkout.

So far all these strategies have failed to rebuild the company's profitability, and Woolworth continues to look for the magic cure. It now appears to have abandoned Operation Crackdown, and the latest idea is to dispose of certain key High Street sites.

But behind this apparent see-sawing bluster one policy, at least, is showing an element of consistency — a plan to change the poor public image of Woolworth's sales staff.

Woolworth is one of the most evident examples of a steady and general decline in the quality of retail service in Britain over the past 30 years. Many shops seem to have forgotten the precept that the customer is always right — unlike in other parts of Europe, parts of Asia and the U.S., where Woolworth's parent company is based.

While most retail managers would admit that the service element of British industry leaves much to be desired, they invariably dismiss the problem as being endemic to society as a whole and therefore too difficult to change.

As a result the causes of the problem are not generally addressed; rather the size of the complaints department is increased, for example.

Woolworth used to fit into the category of those companies which treat the problem with complacent acceptance—until a private survey of staff attitudes in 1976 disclosed the true extent of the problem.

For senior management, the survey results came as a shock, in spite of the fact that they were always aware that employee attitudes were not as positive as elsewhere in Woolworth's international empire.

As many as 69 per cent of supervisors and departmental managers, it was discovered, found it inconvenient to work on the principle that the customer is always right. Furthermore, Woolworth staff generally believed that customers were an inconvenient necessity to be tolerated rather than a valuable asset to be assiduously cultivated.

Almost disbelievingly Woolworth decided to crosscheck this damning evidence with another survey — this time of customer opinion of staff.

The results were equally disturbing. Around a quarter of all Woolworth customers thought the company's employees to be of low quality. An equal number said they thought counter staff did not know enough about stocks and that they always waited too long to be served.

To make matters worse, the figures showed that the company's image was much worse than that of competitors like Boots and British Home Stores, which suggested that Woolworth's problems were being compounded by special factors.

Although change is now under way, part of the problem probably resulted from the special nature of Woolworth's trading profile itse traditional role as a downmarket store meant — in management eyes — that customer service could take a relatively lowly position on the list of priorities. Indirectly, this was also reflected in poor staff selection and low wages.

Such was the position facing Pat Downs in 1977. She had joined the company in 1974 as personnel director, having held senior executive posts in manufacturing industry, retailing and, most recently, had set up a regional personnel department within the National Health Service.

In 1976 she decided to ask Market and Opinion Research International (MORI) to research employee attitudes. When the shock results landed on her desk, she decided to use MORI again to see whether customer reaction confirmed the original findings.

It did—making it imperative that something drastic be done. But what?

The solution, she concluded, lay in three main directions. Pay had to be increased to attract a better-quality counter-hand, selection processes had to be upgraded and the attitudes of staff had to be changed.

Downs managed very soon thereafter to push through a £6 a week average pay rise but this was, inevitably, swallowed up by inflation: there were also pressures from on high to restrain costs, not deliberately inflate them.

Unfortunately, too, the recruitment of higher calibre staff was largely obviated by the recession: Woolworth began to prune its workforce, not expand it.

Mature

This left only one other course of action—a training course to change staff attitudes. While recognising that a selling job can create stress, Downs wanted to develop a package of training courses that would teach counter-hands to "think before they responded." What she hoped for was that staff would develop "a more mature response to customers."

For this she called in a specialist consultant, a private UK-based company called Manpower Advisory Services, to talk about "attitudinal" training. With a total workforce of around 40,000 (at least 50 per cent of which are part-timers) spread over 1,000 stores, she knew she had a massive job on her hands.

Trevor Humphries

WHAT CUSTOMERS SAID ABOUT WOOLWORTH

	1977	1978	1979	1980	1981
Staff don't know about goods	27	29	25	25	20
Customers wait too long to be served	26	27	24	22	19
Low quality staff	21	24	14	18	11

Source: MORI

The company also had a large number of small outlets, so training schedules would not be easy to co-ordinate. Equally, she knew that positive results would be a long time in coming, if for no other reason than that ingrained attitudes are difficult to change.

"Service in the UK appears to be a dirty word," says Downs. "I say that in sorrow rather than anger because many other industrialised countries don't have this handicap. It probably has something to do with the social and economic upheavals we have been going through.

"People don't want to be servile. It seems to be rooted in our class-based society. We are obviously very disturbed by this because in retailing service is very important to us."

To try to change this, Downs decided to adopt a two-pronged training strategy, the first of which was to concentrate on all senior personnel. This included the managers of all major stores, district managers, all senior executives and even the main board—600 people in all.

"We decided it was right to lead by example," says Downs. She recalls that the first phase—called the Organisational Effectiveness Programme—took nearly three years to complete. Courses lasted for about five days. The board took part in a special three-day session.

The objectives of the course were to examine major aspects of organisational effectiveness and human management and to develop such managerial skills as delegation, team building and communication.

"The course enabled managers to look at themselves in a group context, and to examine their own motivations, morale and different management styles as well as human relations problems," says Downs. "Finally, they were given the opportunity of relating their skills to practical Woolworth examples."

"While all this was going on, the second and more difficult phase was being prepared—the aptly-named Customer Care Training Programme for counter-hands.

Based on a scheme that was originally developed for training airline personnel, it is still going on, on a rolling basis. So far just over half the staff—mainly from the larger stores—have gone through the programme.

On average an individual spends about an hour a day for two or three days a week over a period of about five weeks. Training aids include the use of films and leaflets supplemented by discussion and instruction on such subjects as giving advice and dealing with complaints, foreign and elderly customers.

Downs explains: "The purpose is to help staff recognise and understand the roles being played by the customer, and to adjust their own role accordingly. The training scheme stresses that the customer's behaviour is, in part, dependent upon their own and their approach and attitude can either calm down or further inflame a difficult customer.

"Staff are encouraged to recognise that customers have their own problems and worries, and that it is the responsibility of the sales assistant to take account of these."

So, is it working? Not unexpectedly there has been no dramatic reversal in customer attitudes—as Downs admits—but there is some evidence which suggests there has been some improvement, albeit slow, in both employee service and customer attitudes.

Woolworth has continued to ask MORI to survey customer attitudes on an annual basis. The results show that when training started in 1978, employee dissatisfaction was at a peak. Since then there has been a perceptible improvement (see chart), although Downs admits that it may take another five years for changing attitudes to start making an impact on the bottom line.

Business courses

Leasing in the 80s, Brussels, May 5-7. Fee: BF 32,000 members, BFr 36,000 non-members of the International Management Association. Details from Management Centre Europe, avenue des Arts 4, B1040-Brussels, Belgium.

Company Car Fleet Administration, London, May 20. Fee: £98 (plus VAT). Details from Finborough Seminars, 364 High Road, Woodford Green, Essex IG8 0XH.

Euromarket Financing Techniques, London, May 24-25. Fee: £395 (plus VAT). Details from AMR International, 6/10 Frederick Close, Stanhope Place, London W2 2HD.

New Investment: Capitalising on Local Manpower Assets, London, May 19. Fee: £75. Details from Institute of Manpower Studies, Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF.

BOARDROOM BALLADS

ENDANGERED SPECIES

The entrepreneur
Is increasingly rare,
Yet undoubtedly worthy of mention;
For the young of today
Understandably pray
For a regular job with a pension.

*

But a man with ideas
Now encounters a fierce
Irresistible pressure to scramble,
For a regular role
In some corporate hole
With a lesser temptation to gamble.

*

So the young and the bright
Who work on through the night
On the vision for which they may hanker,
Are unlikely to gain
Much reward for their pain
From the present day sort of a banker.

*

For the latter's inclined
To be more of a mind
To suspect innovations and think 'em
Less worthy to back
Than some dutiful hack
With a mortgage and regular income.

*

It's like slipping a disc
To be taking a risk,
If you don't care a jot or a tittle
For the maverick who,
With a favour or two,
Is a latter-day Morris or Whittle.

*

So the money accrues
To the gentlemen whose
Consistent reaction is clear—
Their assets are such
As they count or they touch,
And you don't really touch an idea!

*

So the interest rate
Is enough to inflate
The rewards for the ones with the money;
And safely constrain
Any signs of a brain
With pretensions to dip in the honey.

*

But I don't have a doubt
That their talent will out,
Though the ludicrous system deters;
And I cannot conceive
That, in spite of it, we've
Heard the last of the entrepreneurs.

Bertie Ramsbottom

Next week: The Common Market

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Companies Act

In the case of Re Stewarts Brixton Ltd, Chancery Division, Mr Justice Vinelott November 27 1981, reported in the Financial Times of December 11 1981, leave was given for proceedings to be initiated under Section 210 of the Companies Act 1948. I understood that Section 210 CA 1948 was repealed in its entirety by the CA 1980 and substituted by Section 75 of that Act. Can you please tell me under what circumstances the proceedings may be instituted and under which section of which Act?

Section 210 of the Companies Act 1948 no longer applies: the case to which you refer must have been commenced before Section 75 of the Companies Act 1980 came into force. The latter is now in force. Proceedings may be instituted at the petitioner's option; but you would be wise to consult a solicitor first in order to consider what the prospects of success may be.

Bank interest

A small company receives a fairly large payment of bank interest paid gross, and corporation tax is assessed on this and is payable on January 1 1983 on the preceding year basis. As the accounting period ends on October 31 each year, the assessment is based on the interest received during the period ending October 31 1980. In order to cancel this assessment (and to prevent future ones arising) during which accountancy period should the directors vote themselves fees to absorb this bank interest and of course trading profits? I can find no guidance from Simon on this matter.

Corporation tax is fortunately always assessed on the current-year basis (see Simon, D2.108). The corporation tax on the profits of the year ended October 31 1980, did not fall due until New Year's Day 1982, by virtue of section 244 of the Taxes Act (see Simon, D2.112).

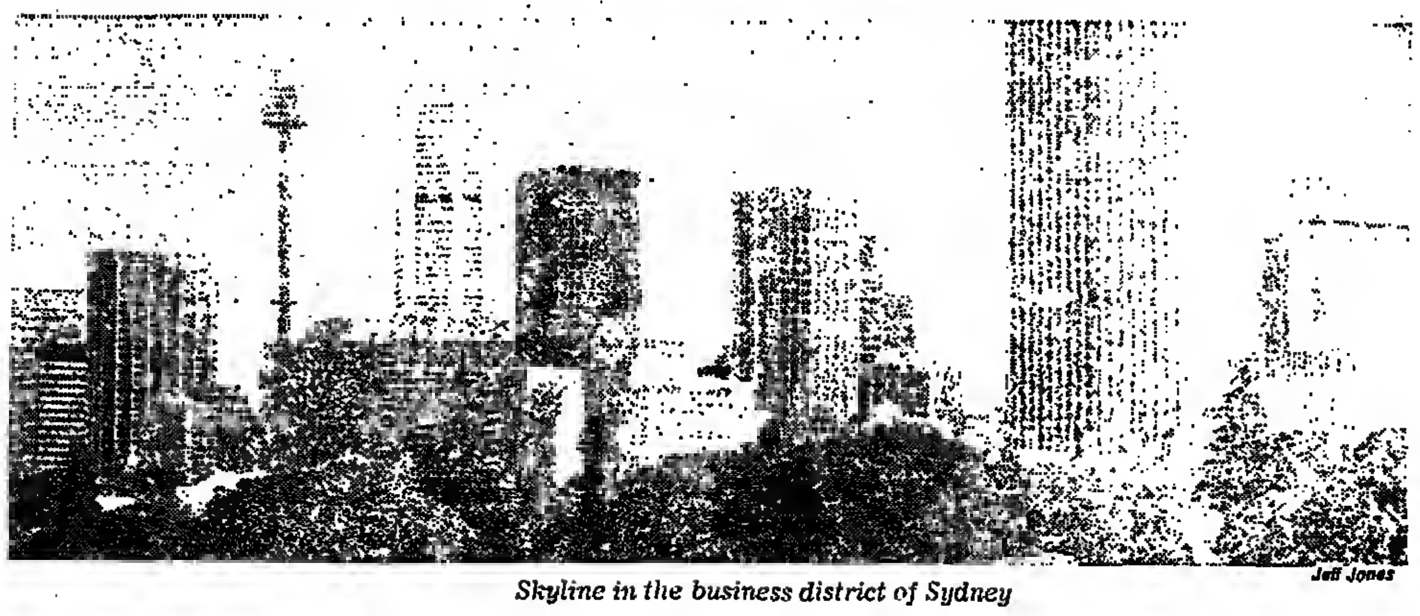
It is not as easy to avoid corporation tax as you seem to think, so you should talk things over with the company's accountants.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FINANCIAL TIMES SURVEY
Wednesday April 14, 1982

Australia
BANKING, FINANCE AND INVESTMENT

The pressures of a dwindling boom are showing in high wage increases and liquidity shortages, with interest rates at high levels. The Campbell report's call for a free market system has put the Government in disarray



Skyline in the business district of Sydney

Jeff Jones

Focus on profound questions

BY ADRIAN DICKS

AUSTRALIANS ARE coming to agree that they have outgrown their financial system in its present form. They are far from sure yet what they want in its place, however.

Should the country abandon altogether, for example, the "flexible peg" managed external parity for the Australian dollar, which has given some shelter from the volatile foreign exchange markets of the outside world? Should Australians be expected to forgo the officially-controlled cheap mortgage loans which have helped to make 70 per cent of all households owner-occupiers—the highest percentage in the world?

Ought Australia to let foreign financial institutions enter its banking market? Would the freeing of the financial system from a wide range of controls make for steadier economic growth and for a more efficient channelling of financial resources into Australia's huge development needs?

The country's attention was focused on these—and many other—profound questions last autumn when the committee of inquiry into the Australian financial system, under the chairmanship of Mr. Keith Campbell, produced its authoritative final report calling for the introduction of a free market system.

The immediate response from Mr Malcolm Fraser's coalition government was one of embarrassed disharmony. Only Mr John Howard, the Treasurer, who had set up the inquiry, seemed to welcome its findings. But the Cabinet agreed to set up a working party of civil servants to think through the consequences of the Campbell Report's many detailed recommendations. Their findings should be ready by about the middle of this year.

It seems unlikely that ministers will by then have much appetite left for mulling over such a long-term, strategic document in any detail. Even by the latter half of March, more pressing political questions had thrust their way to the fore.

First, the Liberals lost to the Labour Party the seat held for many years by Sir William McMahon, a former Prime Minister, in the Sydney surburb of Lowe. The rebuff delivered to the party was widely intepreted as a blow to the personal standing of Mr Fraser, and within a few days the Prime Minister began to look like a man under seige.

The opposition parties, holding a narow majority between them in the Senate, threatened to block money bills. Within the Liberals' own ranks, supporters of Mr Andrew Peacock, a former member of the Fraser Cabinet, began to mount a serious challenge to the Prime Minister's leadership.

In a bid to avert further electoral disaster in the state elections in Victoria, the Government put together a hurried and confusing package of measures in agreement with the banks that sought both to raise interest rates yet compensate some house buyers, and also removed some of the existing controls on the banks while introducing new ones.

Exhausting

The package may well be the high water mark of financial reform during the present parliament. Both ministers and their advisers seem to have found it an exhausting and nerve-wracking business.

It has not helped matters for the Government that the economy, during the first three months of the year, has begun to show symptoms of the same ills that have been affecting Europe and North America for a year or more. Senior officials in Canberra say there has been a sharp slowdown in the growth rate, to perhaps 2.5 per cent this year from around 3.5 per cent, which has not yet shown up in statistics.

The rate of real investment appears to have dropped to about 10 per cent, less than half of last year's figure. Employment growth has slowed to 1-1.5 per cent from about 2.5 per cent, while unemployment has begun to increase.

At the same time the pressures of the dwindling boom are still being felt in the form of wage increases well into double figures—an overall rise of 14-15 per cent is widely thought likely during the current year—and in a high rate of industrial disputes. Despite some success in reducing the federal government's borrowing requirements, severe liquidity shortages are being felt in the money markets and will not be eased by the normal seasonal increase in demand for funds between now and the end of the budget year in June.

Interest rates have been at very high levels, with the Treasury obliged to pay around 18.5 per cent on its notes in March. The Government appears resigned to seeing borrowers forced to turn to foreign sources of funds: indeed, it is relying on these to close a balance of payments gap now expected to be about A$8bn for the financial year 1981-82.

Within that total, however, the share of long-term credits earmarked for development projects appears likely to be well down from last year's estimated A$1.5-2bn.

These have not been the conditions in which politicians could be expected to see much attraction in sticking to the cause of free market competition. In the financial system as in the area of trade protection, too many Australian sectoral interests feel they have too much to lose immediately from liberalisation to make it easy for a weakened government to argue the merits of longer-term adjustments.

Inevitable

Advocates of the reforms proposed by the Campbell Committee point to a series of changes in the economic and business climate that, in the words of one senior official in Canberra, appear inevitable and irreversible. For example, there have been a series of remarkable shifts in the outlook of major institutions channelling the country's savings from household depositors to industrial and commercial borrowers. The big private sector banks have contracted from five to three with last year's mergers, and now see themselves better equipped to withstand competition at home and abroad.

More recently, an equally significant merger has been proposed between the second largest and third largest mutual life insurance societies, the National Mutual and the T/G. This would create a group with assets approaching A$5bn, and would begin to rival the huge Australian mutual provident society with its portfolio of nearly A$7bn.

Already Australia's biggest and most influential institutional investors, the mutual societies, are spreading the funds they hold in trust for pensions and life policies into an increasing number of new fields—in addition to equities, bonds and property they are getting involved directly in resources projects, industrial joint ventures and financial services.

For the Australian saver, the rapid changes in the financial industry are welcome. Like people in other countries, Australians have become less inclined to leave their money in savings accounts at very low interest rates, and have become keenly sensitive to yields on their investments.

If the Australian stock market still holds little appeal to most small investors, there are plenty of alternatives. Most striking has been the rapid growth of cash management trusts, along the lines of U.S. money market funds, which place depositors' funds directly into the money market and which have been a wildfire success since their introduction by Hill Samuel at the end of 1980.

Critics of the Fraser Government's hesitancy in embracing the Campbell report's conclusions point to all these developments as moving in the opposite direction to the sort of traditional quick-fix political package that was produced to perpetuate apparently cheap housing loans. The reformers' main hope for the future is that a greater number of ordinary Australians may also come to appreciate that one cannot in the long run go on borrowing at interest rates 5 per cent lower than one expects to receive as an investor.

CONTENTS

The balance of trade has slipped into deficit and inflation is at 10-11 per cent

World recession straining the economy

LESS THAN a year ago, Australia's political masters were exhibiting the pride that comes before a fall, for they seemed to have convinced themselves that Australia and her economy were somehow invulnerable to world economic trends.

Their pride was perhaps understandable, for Australia is set to become one of the world's great energy exporters. But it was also painfully misplaced, the international recession having now caught up with Australia, producing strains in the economy and political instability, as witnessed in the recent state elections in Victoria, and in the current challenge to the authority and leadership of the Liberal Party Premier, Mr Malcolm Fraser, by a former Cabinet colleague, Mr Andrew Peacock.

In its latest survey of the economy, the Australia and New Zealand Bank said that on top of the recession in world trade and the widening of the current account deficit on Australia's balance of payments, there was a prospect that Australia would not readily attain a level of growth in the early 1980s that was superior to the OECD average.

In addition, said the bank, it could be seen that the rate of increase in domestic inflation had been accelerating at a time when most OECD rates were slowing.

As recently as January, Australian business confidence was still relatively unaffected, even by the high interest rates already then prevailing. But the economic and investment climate has now deteriorated.

The fall from grace was relatively swift, for 1980-81 was a year of strong growth in domestic activity that contrasted favourably with generally sluggish international indicators.

Surge

Australia's non-farm gross product in 1980-81 grew by 4 per cent in real terms, though a 12.3 per cent real decline in farming activity limited the real increase in total GDP to 2.9 per cent.

The main growth factor was a surge in the level of private fixed capital investment, while consumer expenditure displayed a relatively buoyant 3.2 per cent real growth.

In the budget last August, the growth in real gross non-farm products was forecast to slow to 3-3.5 per cent though real growth in GDP was forecast to increase to a rate of at least 3.5 per cent on the back of a projected recovery in farm output.

Further, tight monetary policy and a reduction in the budget deficit were expected to encourage inflows of foreign capital of a magnitude necessary to offset the large current account deficit on the balance of payments.

However, it would appear that non-farm activity peaked in the March quarter last year, and that non-farm growth in the current year may be limited to around 2.5 per cent.

There is an ebbing in consumer confidence, higher unemployment (7 per cent of the workforce was unemployed in February, a post-war record), as well as historically high real interest rates. And there are definite signs that the recent exceptional burst in private business fixed investment has levelled off.

The turnround in the balance of trade has been significant. Following a run of surpluses, culminating in a peak level of A$2.749bn in 1979-80, the balance of trade moved sharply into deficit in the following two years: the transformation reflecting an upsurge in imports related to strong growth in consumption and investment spending in 1981, compounded by weak export growth stemming from low wheat sales, poor meat and sugar prices, and the downturn in world trade.

The ANZ Bank said recently that the current account deficit for 1981-82 was likely to be at least A$8bn, compared with A$5.19bn in 1980-81.

"This was not a problem while private capital inflow for resource development was strong," said the bank. "However, to the extent that government borrowing is necessary to cover a balance of payments deficit — rather than risk an excessively inflationary devaluation of the exchange rate — there is an added burden on the future balance of payments."

Australia's exports for the eight months to February 1982 totalled A$12.247bn, a 2 per cent fall on the same period a year ago. Imports rosa by 16 per cent, to A$14.403bn, large increases occurring in imports of machinery and transport equipment, chemicals and manufactured goods.

The deficit on current account, affected by a 14.9 per cent rise in net invisibles, was A$5.649bn for the eight months to February 1982, compared with A$2.999bn for the eight months to February last year.

It is difficult to forecast marked short-term improvement in the fundamental weakness in Australia's balance of trade, unless or until there is a distinct recovery in international trade.

In which context, it is foreseen that the recent creeping depreciation of the Australian dollar will be allowed to continue, the government being prepared to exhaust all other options including overseas borrowing before resorting to one-off devaluation, an over-valued dollar being a principal tool in its deflationary policies.

In the view of some, there may be scope for a cautiously expansionary federal budget in August, so as to encourage slightly firmer economic growth in 1982-83.

But with the likelihood of inflation remaining at around 10 to 11 per cent, the Government will wish to maintain a firm grip on monetary policy, and to limit fiscal expansion so as to prevent reactivation of the wage-price spiral.

There seems little doubt that the growth in direct foreign investment in Australian resource development has tapered off, at any rate for now, given slackening world energy demand, high domestic costs, and currency uncertainties.

Figures from the Bureau of Statistics, released in late-February, showed that less than half the foreign investment in Australia in 1980-81 was in mining and manufacturing.

According to the ANZ: "Industries receiving the largest net amounts were wholesale and retail trade (A$1.319bn), and finance, property and business services (A$1.097bn). The manufacturing sector received A$1.462bn, while mining received A$1.033bn. The entire net inflow into mining was accounted for by portfolio investment and institutional loans. Direct investment in mining showed a small outflow of A$32m."

On Bureau of Statistics estimates, A$227m will be spent on Australian minerals exploration in the six months to June this year, against actual expenditure of A$247m in the half-year to last December, while expenditure on petroleum exploration in the June half-year is expected to total A$393m, against recorded expenditure of A$323m in the six months to December.

The federal budget of last August was intended to be approximately in balance in the current year: however, the likely deficit over-run is expected to total A$1bn.

Outlays are expected to be around 1.5 per cent (A$600m) above estimate, while there is an anticipated shortfall in crude oil levy receipts of approximately A$300m. In addition, the Senate's blocking of the Government's proposed sales tax legislation will have cost an estimated A$132m in anticipated receipts.

According to a recent OECD report on the Australian economy: "The main concerns both in the short and medium term are inflation and the most appropriate ways to tackle it. While the current stance of macro-economic policy seems the only possible way to cope with the containment of inflation in the immediate future, the achievement of sustained non-inflationary growth over the longer term and the smooth adjustment of the economy to the strong expansion of resource-based sector, will necessitate changes in other areas.

"Of these, protection policy and the wage determination system are among the most important.

The report was hailed by the Finance Minister, Dame Margaret Guilfoyle, as "providing powerful and independent support for the overall direction of the Government's economic policies," though she referred back to the OECD's economic outlook, of late last year, whose forecasts for earnings in 1982 implied a significant deterioration in Australia's competitiveness compared with almost all its trading partners.

The Government presumably is hoping it can ride out the current downturn in its fortunes, as well as those of the economy, so as to be able to confront its rivals, at the next general election, with more than kind words from the OECD.

Michael Thompson-Noel

Malcolm Fraser, the Prime Minister. His government is facing the pressures of a slowing economy. Canberra officials say the growth rate has dipped to perhaps 2.5 per cent this year.

Government cautious about implementing its far-reaching recommendations

Campbell report is the bankers' bible

THE BANKERS' bible in Australia is an 838-page book with a dark blue cover known simply as Campbell, after its author, Keith Campbell, judged ahead of Dennis Lillee as Australian of the Year and the chairman of a committee of inquiry whose 510,000-word report made no fewer than 300 recommendations to revolutionise the nation's creaky financial system.

Bankers, money market men, stockbrokers, economists and financial journalists quote from it as evangelists preaching a cause. Socialists, for the most part, curse it with atheistic contempt. And politicians, especially cabinet ministers, fear its zealot's flavour, and tend to close the door when missionaries from the market come to discuss it.

The Campbell report recommendations included: the abolition of all controls on interest rates; the dismantling of foreign exchange controls; admission into Australia of foreign banks; a managed float of the Australian dollar; tougher provisions against insider trading; the end of a whole host of restrictions in pension funds and life assurance companies; the end of double taxation on company dividends; tougher company reporting standards; changes in the way gilt-edged securities are marketed; and a whole host more, all of which can be summed up in one word, deregulation.

But the federal government of Mr Malcolm Fraser has embraced the Campbell report with less than wholehearted enthusiasm. The typical reaction would be akin to that of Sir Henry Knight, chairman of the Reserve Bank, who quoted St Augustine: "God make me pure but not yet."

Typical

Sir Harry would be typical of many in believing that the recommendations should be implemented in "an evolutionary rather than a revolutionary way," but one of the perils of this is that the electoral tide is currently moving against the Liberal government. If swings to Labor in recent by-elections and in the Victorian state election, where the Liberals were removed after 27 years' rule, continue, then the opposition leader, Mr Bill Hayden, will be in the lodge in Canberra in 18 months or less and the Campbell report consigned to the filing vaults.

It is possible that the Fraser government may act to implement the report before then, but with many of the recommendations, at least at superficial level, seen to be electorally unpopular or favouring the financial community at the expense of dearer home loans, major changes seem improbable. Certainly the integrated package that the committee hoped for is now out of the question.

To be fair the federal Treasurer, Mr Howard, has yet to give his full, considered reaction to the Campbell report. He has appointed a special task force consisting of Treasury and reserve bank officials to advise him on a timetable for implementation, and their report will be with him in the next few days.

But Mr Howard is one of the few genuine enthusiasts for deregulation within the cabinet. Mr Fraser, despite his enthusiasm for the market economy, has been much more circumspect, and indeed has given some hints that the major thrust of the report may not be fully accepted.

Even so, there has been some movement. The requirement that 40 per cent of savings bank deposits should go to government or semi-government securities has been removed, and these major home loans institutions can now operate on a 15 per cent liquidity ratio. The removal of the one month's notice on trading bank investment accounts has been removed, and by lessening from 30 days to 14 days the shortest time a bank can borrow more than A$ 50,000 the government has removed a major advantage enjoyed by the burgeoning cash management trusts.

The banks can now charge more for overdrafts and home loans, but in return for these concessions have had to guarantee more money available for housing finance. The government has in parallel introduced tax concessions for first home buyers.

It has been argued that this is a step-by-step implementation of deregulation, and that by freeing the banks to some degree the states, which control building societies and other institutions like credit unions, will be forced to follow suit. But, with the two populous states in the hands of Labor governments, and the Queensland national government opposed to deregulation, there is no certainty that this will happen.

Some changes are taking place without government intervention, of course. There have been major mergers in banking, with the formation of the Westpac Banking Corporation from the Bank of New South Wales and the Commercial Bank of Australia, and the National and Commercial Bank of Australia, from a marriage of the National Bank and the CBA. There has also been a spate of building society mergers.

Most observers believe that by giving Australian banks substantial concessions, the Federal Government will soon licence a limited number of foreign banks to operate in Australia, and presidents, vice presidents, chairmen and general managers have recently been beating a path to Mr Howard's door.

Authorise

At present the Banque Nationale de Paris and the Bank of New Zealand are allowed to operate: the government probably will authorise an American, European and Japanese Bank to join them.

Few, if any, of these foreign banks are likely to have much of a presence outside the state capitals, preferring to concentrate on resources financing. Koei Narusawa, economic adviser to the Bank of Tokyo, one of the more recent visitors, put a typical reaction: "We Japanese bankers have been showing growing interest in rendering all kinds of financial services, including financing the import of equipment and technology from Japan."

But Narusawa and most of the other would-be licensees also would like to play a part in foreign exchange market operations, following the liberalisation of foreign exchange controls and substitution of the current daily "crawling pegging" of the dollar by officials for a managed float.

They cite the possibility of Australia becoming a major currency centre because of its unique timezone position, which would make it the first market to open each day. Despite the attractions, the Treasury has reservations, and serious misgivings about relaxing its controls, and no early move in this area seems probable.

One change that is possible is the role of the Loans Council, the body of federal and state premiers that monitors and manages the flow of capital into Australia for government and semi-government projects. Campbell recommended the abolition in its present form. Again the Treasury is nervous about allowing the states freedom to raise money overseas as and when they want.

But only last week both federal and state representatives signed the world's biggest project loan, the U.S.$1,250m 15-year Eurocurrency syndicated finance to build the Eraring power station complex in New South Wales. The deal sidestepped loan council requirements since, while the beneficiary of the new power complex will be a government utility, the complex itself is to be owned by a private consortium of major companies, who will obtain substantial tax benefits through leverage leasing.

The Government was annoyed that NSW state by-passed the loan council, and has threatened to introduce legislation barring this kind of scheme in future. It remains to be seen whether they do, it might be better just to abolish the council.

But these few steps apart, it could be said that government enthusiasm for Campbell is wilting. But Keith Campbell, the report's author, is not, and he and his supporters are likely to carry on the crusade until at least a majority of the recommendations are carried out.

Colin Chapman

PROFILE: KEITH CAMPBELL

Quietly confident of results

IT IS ALMOST impossible to carry on a conversation in Australia about the financial system for more than five minutes without mentioning the name of Keith Campbell. As chairman of the committee of inquiry into the financial system, whose weighty yet highly-readable report came out last autumn, Mr Campbell and his colleagues have established an intellectual framework for debate that will endure for the next couple of generations.

Keith Campbell: hectic three years

A tall, friendly and highly articulate man, Mr Campbell has had a hectic three years that have left him little time for his job as chairman and chief executive of Hooker Corporation, Australia's biggest real estate group with diversified industrial interests. He has had even less time to leave his luxurious penthouse office for an occasional mid-week game of golf.

He says of the report's free market philosophy: "We set out to make a blueprint of the way a financial system ought to look. Any compromises are up to the Government, but we have tried to point out that the more you deviate from the blueprint, the less efficient the system will be.

"For example, Australian banking would benefit from unfettered competition from foreign banks. Any requirement that new entrants should seek participation from existing local institutions would be a very poor second best."

Mr Campbell is optimistic about the slow process of understanding that will be needed for acceptance of his team's conclusions. He thinks a period of painfully high interest rates may help bring home to people the distortions of the present regulated system.

"Regulated institutions have been losing deposits and have to ration their lending to home buyers. Those intended to benefit from loans at interest rates below market levels are therefore not getting them. The end effect is perverse. If interest rates were freed a significant number of people would end up paying less."

Mr Campbell is also quietly confident that the Australian Labour Party, which took no part in his committee's work, would be less hostile once in office towards reform than its blustering public statements have suggested.

"I think it is very widely recognised... now that a country like Australia cannot insulate itself internationally. The whole community as well as the financial system would benefit from being more opened up."

Adrian Dicks

INFLOW OF FOREIGN INVESTMENT
(excluding undistributed income, A$m)

Year	EEC UK	EEC Other	USA	Canada	Japan	Other	Total
1978-79	311	88	554	−6	267	25	1,239
1979-80	374	444	359	81	308	327	1,892
1980-81	1,251	414	655	40	716	1,327	4,403

Identified where possible by country of origin.
Source: Australian Bureau of Statistics.

Investment money still rolling in

EARLIER this year Australia tightened its foreign investment guidelines covering minerals processing and the purchase of rural land. The move, which Mr John Howard, the Treasurer, described as "fine tuning" was essentially aimed at mollifying critics of foreign investment in general.

In spite of a certain amount of controversy about foreign ownership within Australia, money from abroad continues to roll in. In the first eight months of the Australian fiscal year, which begins on July 1, foreign investment was running at a slightly higher rate than last year's record annual rate of A$6.6bn.

For Australia's financial planners this vote of confidence is heartening in the face of attractive interest rates prevailing elsewhere, gloom around the bourses and a less optimistic outlook in the short term for Australian energy and mineral resources. The flow of money to the capital account of the balance of payments has also been helping to offset a worrying trade deficit which has developed recently because of the fall in export commodity prices.

Mr Howard has been carefully treading the line between encouraging outside investment while ensuring that large-scale foreign involvement in Australian industry remains politically acceptable to the Australian electorate.

Australians tend to grudgingly accept foreign investment as necessary for the development of the country's vast minerals and energy resources, but at the same time there is a fear that Australia is selling its birthright to foreign interests and multinational corporations. Hence the recent changes relating to rural land purchases and minerals processing.

New mining ventures were already covered by guidelines which call for at least 50 per cent Australian ownership and control and in the case of new uranium developments, 75 per cent Australian equity.

Rural land has lately become the new focus for critics of foreign ownership of Australian resources. Farming communities have become alarmed at the increasing amount of prime agricultural land being bought by foreign interests.

Since 1976 when the Foreign Investment Review Board (FIRB) was established as the Government's watchdog advisory body on foreign investment, about 11.2m hectares of rural land have been the subject of approved foreign investment proposals. This represents about 2.2 per cent of rural land in use in Australia and it is estimated that probably about 5 per cent of rural land in Australia is in foreign hands.

This could be considered a large or small amount according to your point of view. For Australian rural communities it was an unacceptably high level especially as the rate of foreign purchases has increased substantially in the past 18 months. It was argued that absentee landlords were allowing Australian farms to run down and that some purchases were made not for farming but for the speculative capital gain likely to arise from rezoning of rural land for urban use.

Guidelines

The new guidelines state that foreign investment proposals for rural land purchases valued at more than A$350,000 will not be approved unless they can be proved to be in the national interest. The national interest includes the introduction to Australia of new technology or farming practices.

Recently, for example, the FIRB approved the purchase of a cattle property in northern Australia by a company wholly owned by the Malaysian Government saying the national interest would be served by a substantial injection of funds to develop the property and by the likely increase in beef exports to Malaysia.

In the minerals processing area, the Government has said it wants "maximum opportunities for Australian equity."

No rigid Australian equity figure has been specified, but Mr John Howard has implicitly warned minerals processing companies, most of which are primarily mining companies, that they cannot expect approval for mining projects if they flout the government's wishes over Australian involvement in minerals processing.

Thüs flexibility, with an eye on the reaction of the Australian public, remains the key to Australia'a foreign investment policy.

Very few foreign investment proposals are in fact repected.

For example, of the 1,733 proposals received in the financial year 1980-81, only 40 or around 3 per cent were rejected.

The FIRB says the low figure reflects the fact that some proposals were withdrawn when it became apparent they were likely to be rejected and that proposals which would otherwise have been rejected were approved after modification to make them consistent with Government policy. The board also points out that 38 per cent of proposals approved were subject to conditions, usually relating to Australian equity.

As could be expected, a large amount of foreign investment is going into mining and minerals processing. In the 1980-81 financial year minerals exploration and development including both acquisitions of existing companies by foreigners and new ventures accounted for A$2.6bn from a total value of foreign investment proposals of A$6.6bn.

The figure for foreign investment in manufacturing at A$1.8bn in 1980-81 was boosted by minerals processing. For example, two new aluminium smelters — the Alcoa project at Portland in Victoria and the Tomago project in the Hunter Valley of New South Wales led by the French Pechiney group — were approved by the FIRB last year.

While recognising the importance of resources, most commentators believe that foreign investment is broadly based. Last financial year foreign investment represented nearly 33 per cent of all private investment expenditure.

The UK and the U.S. remain the biggest investors and between them account for about two-thirds of all foreign investment. But in tho past two or three years there has been increased interest from Southeast Asia, Japan, Canada and other EEC countries, especially West Germany.

Patricia Newby

FOREIGN INVESTMENT PROPOSALS BY INDUSTRY SECTOR
July 1, 1980 to June 30, 1981

	No.	Total expected investment (A$m)
Agriculture, forestry and fishing	134	126.7
Mineral exploration and development	206	2,605.4
Manufacturing (including minerals processing)	205	1,817.1
Finance and insurance	61	221.6
Service	276	1,291.5
Real estate	125	555.9
Total	1,007	6,618.2

Note: Figures do not include proposals which were rejected or which did not require Foreign Investment Review Board approval or proposals for restructuring companies.

Source: Foreign Investment Review Board, Canberra.

PROFILE: BOB WHITE

Bank on the move

THE PANORAMIC view from the chief general manager's 27th floor office in Wales House, at the heart of Sydney'a financial district, is spectacular enough to give any occupant the feeling of being master of all he surveys. Mr Bob White, although he appears too modest a man to claim any such thing, is perhaps closer to fulfilling that description than any other chief executive of an Australian banking group.

The Bank of New South Wales had by 1980 grown to be the largest of the private sector trading and savings bank groups, with just under 18 per cent of the market for all deposits in Australia—some three points ahead of its closest rival, the ANZ Group. It is, however, still well behind the 28 per cent share held by the Government-owned giant of the Australian industry, the Commonwealth Banking Corporation. Yet for Mr White the Wales was not enough. Entering 1981 with assets of A$16.1bn for the group he felt the bank was too small to face the competitior of the American, European or Japanese banks either outside Australia or on its home ground, should the Canberra Government let some of them have banking licences. In addition, if the Wales was too small, most of the remaining trading banks were considerably smaller and more vulnerable.

It was Mr White who started off last summer's amazing game of musical chairs among the trading banks, when in the space of a few weeks merger proposals

Bob White: *planning strategy*

flew back and forth. He says now: "It mado sense to be first into the merger arena."

The Wales is now in the process of meshing its activities with those of the Commercial Bank of Australia into the Westpac Banking Corporation (a name, incidentally, that still seems to baffle many Australians and is not yet a household word).

Mr White and senior executives of the two banks are spending many of their weekends huddled in secluded hotels, planning corporate strategy for the new bank, while a large number of committees of line managers are working in detail on how best to integrate twn staffs, two data processing systems and two networks of retail premises across Australia.

Big savings should follow in due course, although Mr White stands firmly by the pledge to hank unions that there will be nn redundancies.

As if all this were not enough to be getting on with, Bob White is also widely credited with having steered last month's complicated and politically charged negotiations between the major banks and the Federal Government. These led to the relaxation by Mr John Howard, the Treasurer, of some of the regulations which the bank claims have been handicapping them in the marketplace, in return for the hanks' pledging to mako a further A$400m available for low-interest rate housing loans.

The notion of reinforcing further the supply of subsidised mortgage finance is not one that Mr White relishes. He believes there can be no progress towards reform of the sort proposed by the Campbell committee until Australians accept that they cannot expect simultaneously mortgages at rates well below tho real cost of money and returns on their investments close to those of the wholesale money market.

Yet banks are no more in Australia than in many other countries. Over the past two years their profits have risen by an average of 56 per cent. The politicians were hinting at an extra tax, on the British model. Mr White and his colleagues settled for what they could get—and realise it could have been worse.

Adrian Dicks

Investment demand remains buoyant though the residential market is flat

Pause in the property boom

HIGH INTEREST rates, the possible onsot of recession, and fears over labour and building costs, have combined to roh the Australian property boom of much of its shine. But in the wake of severe over-heating in some property sectors, the market can pause, take stock, and gear itself up for even stronger renewal of the investment demand, both domestic and foreign, that has been such a marked feature of the Australian property scene in recent times.

Indeed, in many key areas the investment market remains willing and able, with nne analyst identifying "good levela of demand for all quality investments, in a price range of A$1m to A$100m."

Mr Malcolm Burrella, a senior partner in the Sydney office of property consultants Jones Lang Wootton, says there is considerable activity in the aale of quality commercial property for investment.

Mr Jeremy Alpe, director of the Richard Ellis Australian subsidiary in New South Wales, says that while a lot of major investors have withdrawn from the market, so as to digest and absorb recently-acquired purchases, investment demand remains buoyant.

A recent trend has been the cashing-in of major property assets by industrial and other groopa anxinus to finance expansion or raise working capital—a move that is said to have propelled an estimated A$700m to A$800m worth of prime commercial and industrial property no to the market since late last year.

Chief among such holdings is tbe Australian property portfolio of the Crown Agents' subsidiary, Abbey Capital Group. The portfolio includes properties in Sydney—among them, Barclays House, O'Connell House, the FCA Building, Edgecliffe Centre and Bondi Junction Plaza — Wollongong, and Melbourne. Its sale is expected to realiso between A$375m and A$400m.

Mr Ellis says the sale of such portfolios has not only failed to dampen investment demand but has spurred the interest of major institutional investors like the AMP Society, which as well as being Australia's biggest life office and higgest investor, is also its higgest non-government property owner.

Other major institutional investors in the front line include National Mutual, CML and MLC, as well as leading superannuation funds and top property trusts and private investmeot consortia.

Projects

The big superannuation funds are reckoned to have projects in hand in Sydney, Canberra, Melbourne and Brisbane whose valne totals close to A$500m, while other blg institutional investors are not only boosting the value of their involvement in prime commercial and industrial holdings but lending support to at least A$400m worth of new hotel construction planned for Sydney, Melbourne, Adelaide, Perth and Brisbane.

Receotly, National Mutual bought Sydney's Wentworth Hotel from Qantas for a little under A$70m, and has signed a 20-year management lease with Sberaton Pacific Hotels. The Melbourne Wentworth is owned by AMP, which may also aign with Sberaton.

Though it has now diversified into financial services, joint ventures, resources and U.S. investment, the AMP, which has A$7bn invested in Australia, still has about 30 per cent of its investments in property. Mr Alan Coates, general manager, says commercial property rentals in Sydney and Brisbane rose by about 40 per cent last year and he can see a further 20 per cent rise this year.

The Australian residential property market is flat at present, with private sector home building approvals at a seven-year low. Developers and the construction industry are hracing themselves for recession.

Mr Malcolm Fraser, the Federal Premier, is under increasingly bitter attack for the manner in which high interest rates have pushed up the cost of home mortgage repayments. But recession in the residential market, as in other sectors, is bound to lift smartly once the economy recovers.

As a bonus, it was revealed recently that Australia has more than A$3bn worth of tourist resort, leisure and entertainment projects firmly at the planning atage, including 65 projects worth A$1.2bn in Queensland, 17 projects worth A$750m in Victoria, and projects worth a total of A$500m each io New Sooth Wales and Western Australia.

Apart from the investment opportunities, the resort boom almost certainly means that the country's pattern of centralised urban development is likely to experience fundamental change, while the challenges and pressures on the environmental front aeem bound to intensify.

Interest by foreign investors in the Australian market is still strong, though mucb less marked than a year ago, when Asiao investors cntered the market in a relatively big way.

According to estate agents Baillieu Hardie Gorman, reduced expectations for the Australian resources boom, and awareness that the domestic economy is less well insulated against international trends than previously thought, have made the market less attractive to forcign interests, while the level of future activity in any case depends on investors' ability to satisfy the requirements of the Foreign Investment Review Board.

Air-conditioned

A marked feature of the Australian property scene is the way in which values, rentals and investment returns vary markedly from city to city—as shown in Jones Laog Wootton's latest estimates of office rentals.

The figures were compiled late last year, and relaie to whole floors in the type of building likely to attract top ioternational companies. They are for air-conditioned space, usually carpeted, iocluding all normal services, cleaning and rates, and put central Sydney 20th in JLW's international table, at a cost of A$250 per sq metre per annum.

This comparea with A$160 per sq m for Melbourne and Perth, A$150 per sq m for Brisbane, A$140 per sq m for Canberra, and A$106 per sq m for Adelaide. On these figures (late-1981), City of London reotals for prime office space were reported as the world's highest, at A$689 per sq m, ahead of central Hong Kong, A$670 per sq m, the west end of London, A$580 per sq m, midtowo Manhattan, A$568m per sq m, and Singapore, A$481 per sq m.

In Sydney, says JLW, property values rose sharply last year in the face of rapidly diminishing supply, with office rentals rising by 35 per ceot to 45 per cent. The only major property coming on to the Sydney market soon is 30,000 sq m of prime office space in the new Qantas building, which sbould command rents of at least A$300 per sq m.

Good commercial space is also in short supply in north Sydoey—a flourishing business centre io its owo right—and in Brisbane. In the view of JLW, the Brisbane market should readily absorb 250,000 sq m of new office space over the next four to five years. Further, because of Queensland's current tonrist and mining boom, rents could move sharply higher.

Melbourne is expected to have upwards of 240,000 sq m of new office space available at the end of 1984. Richard Ellis says that with Melbourne housing the headquarters of more than two-thirds of the biggest companies involved in the country's resources boom, the market is unlikely to be anything but buoyant.

Perth, by contrast, has an office space glut, triggered by recent heavy increases in rentals achieved. Unless demand recovers fast, rents in the Western Australian capital could be in danger of atagnating, much as they did throughout Australia in the mid-1970s.

In the late 1950s and 1960s, says Mr Alan Coates of AMP, the Australian property market seemed like "God's gift to the investor." Even now the boom bas hardly run its course.

Michael Thompson-Noel

AUSTRALIAN BANKING IV

High interest rates have eaten into profits and dividends so that companies' retained profits have fallen, with returns on mining halved

Stock markets slip badly as interest rates bite

THE FORTUNES of the Federal Government in Canberra, wrote one commentator recently, had followed the course of the Australian economy—from boom to bust. While such a verdict is a transparent exaggeration of the state of play, it captures something of the mood of despair that has gripped Australian stock markets in their giddy descent of the last ten months.

The strength of the markets in the months to June last year was initially based on the recovery in international commodity prices after 1978, together with the onset of the second phase of the oil price shock.

These factors, between them, provided a tremendous boost to prospects for the development of Australia's energy reserves: coal, both directly and in the form of smelted aluminium, uranium, natural gas and oil shale created a euphoric investment atmosphere.

It was too good to last. The Australian Stock Market Minerals and Metals index peaked and turned down in November 1980, largely because of incipient falls in world prices for non-ferrous metals.

Industrial stocks, however, continued their upswing in the June half last year, buoyed by strong domestic activity, positive growth expectations, outstanding profits results, and a sudden hum of takeover activity.

Since June last year, however, the markets have slipped badly. A measure of what brokers Hattersley and Maxwell calls the "catastrophe" that has befallen the resource base of the stockmarket shows in the performance of the various ASE indices.

They also illustrate the relatively painless descent of some of the less exciting sectors, such as insurance, textiles and clothing, food and household goods, and property trusts.

At the start of last month the ASE all industrials index was showing a fall from its all-time high of 19.2 per cent, while the All Ordinaries index was displaying a fall of 39 per cent, and the All Resources index one of 60.7 per cent.

Telescoped

The rot set in last year, or even earlier in the case of resource stocks, although further sharp deterioration was telescoped into the first ten weeks of the current year.

The ASE metals index, for example, showed a fall of 20.9 per cent between its 1982 opening and March 10, while the Solid Fuels index fell by 26.4 per cent, and the Oil and Gas index by 46.7 per cent, over the same time span.

Hattersley Maxwell says that these falls bear out the high volatility not only of the resource sector, but of the resource-sensitive areas of the industrials sector, such as heavy and light engineering, transport, building materials, and developers and contractors.

"When the market turns around," it says, "these are clearly the areas where the best bounce will be recorded."

High interest rates have played a prominent role in corporate disruption, for the manner in which they have eaten into profits and dividends shows clearly in a newly-published survey by PA management.

The survey covered 809 companies and showed that between 1979-80 and 1980-81, the proportion of total pre-tax profit accounted for by corporate interest payments rose from 43.9 per cent to 49.5 per cent.

As a result, there has been a definite squeeze on dividends, whose share of the pre-tax total fell to 13.1 per cent in 1980-81, as well as on corporate tax payable to the Federal Government (21.6 per cent), and on profits retained (15.8 per cent).

As the survey covers only the period to the end of the 1980-81 financial year, its results fail to convey the accelerated rate of deterioration that has occurred since then.

Overall, the retained profits of the companies surveyed fell from 21.2 per cent in 1975-76 to 15.8 per cent in 1980-81, as interest payments soared from 30.2 per cent of the total to 49.5 per cent.

The median return on shareholders' funds fell from 11.3 per cent in 1979-80 to 10.8 per cent in 1980-81.

The report says that the mining industry was hardest hit by falling returns on total assets last year. Its median return was almost exactly halved to 4 per cent and the return on shareholders' funds fell from 7.2 per cent to 3.3 per cent.

The fall in the proportion of the pre-tax profits total accounted for by dividends, said PA Management, was undoubtedly one of the major factors behind the collapse in share values.

In terms of profits by industry group, the report says that in the period surveyed, virtually half the total was accounted for by manufacturing, followed by finance (21.1 per cent) and mining (14.3 per cent).

"The overwhelming conclusion to be drawn," says the report, "is the degree to which manufacturing dominates the profits scene in Australia."

"In discussions about the future of Australia, doubt is sometimes expressed about the role of the manufacturing sector, but it is hard to envisage the disappearance of a sector which contributes such a high percentage of total profitability."

Impact

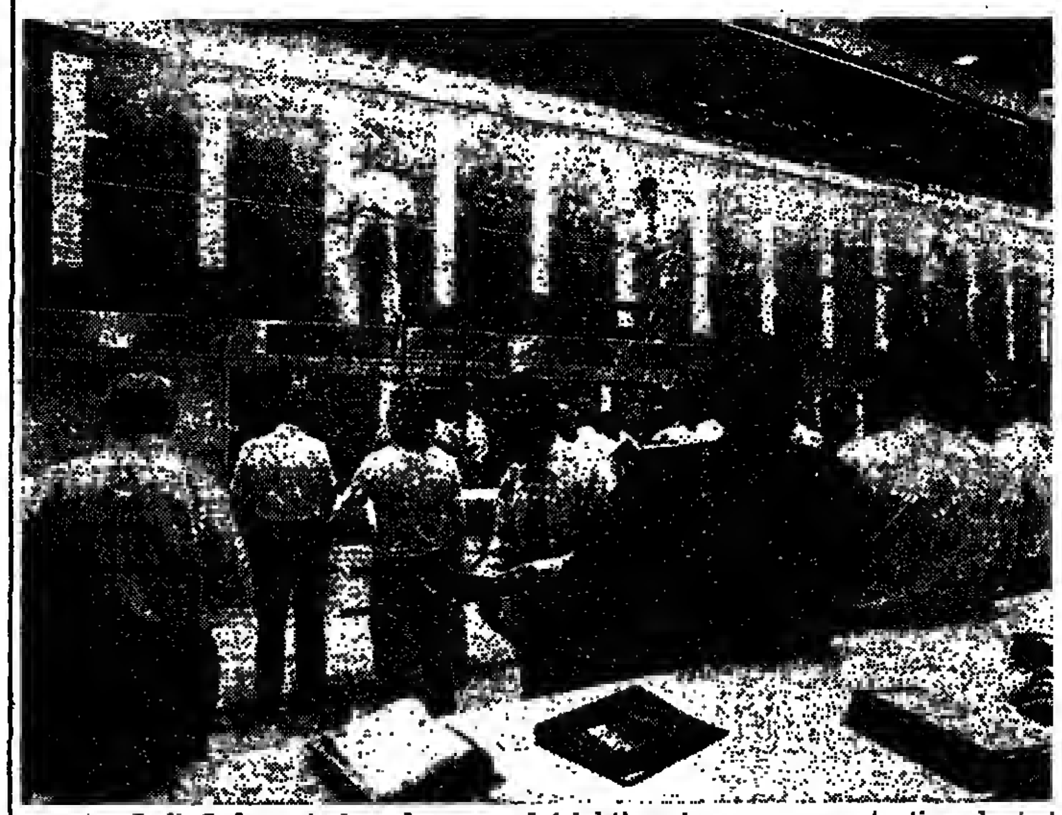
In a report on the climate for Australian equities prepared for its clients earlier this year, stockbrokers Potter Partners said that no real buoyancy could be foreseen before the end of the June half.

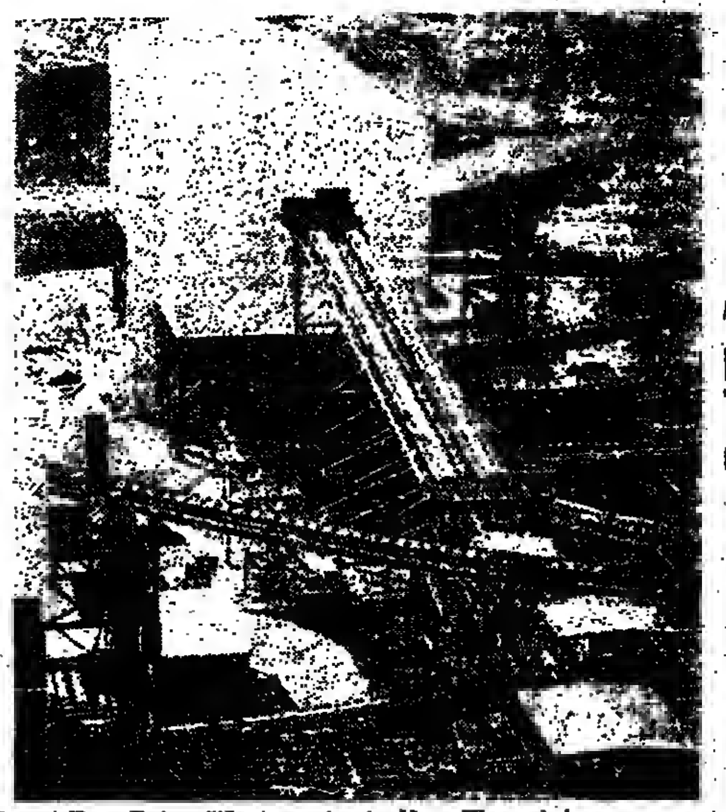
It said that the resource sector seemed to have reached a nadir, although additional marking-back seemed likely in industrials, as the impact of slower economic growth and surging labour costs on recorded net profits made itself felt.

Factors that could help stabilise the industrial sector in the second half of this year, the broker said, included the prospect for some decline in domestic medium-term interest rates: the likelihood that wage inflation would peak at the start of the new financial year, and the introduction of a "cautiously expansionary" federal budget in August.

Factors like these should also have some positive impact on the resource sector, it said, although any pronounced upturn in resources depended essentially upon improvement in commodity prices, which in turn hinged on the recovery of the U.S. economy and of international trade.

Michael Thompson-Noel





Left: Sydney stock exchange, and (right) an iron ore concentration plant at Mount Tom Price, Western Australia. The mining industry was hardest hit by falling returns on total assets last year

The country's vast natural reserves make Australia a good risk in the long run

Pace eases on foreign borrowing

AUSTRALIA IS among the fortunate group of countries regarded by the international capital markets as underborrowed. As depressed as Australian financial officials and corporate treasurers may feel about recession, high wage costs and sluggish world commodity prices, representatives of the world's big banks still come knocking on the door with offers of funds on some of the finest terms to be bad.

Compared to the alternatives open to the bankers in a year of rapidly contracting syndicated lending, Australia looks like a good risk.

In the longer term the bankers are almost certainly right. Australia's reserves of coal, natural gas, uranium, base metals and perhaps oil remain enormous. In the shorter term, however, the pace of development is easing from what looked like a headlong aprint only a year ago into a steady jog. The change of pace seems to have taken no one more by surprise than the Federal Government.

Ministers are blamed privately, even by some of their own officials, for baving raised the waga expectations of ordinary Australians to unrealistic levels by incautious talk of a "resources boom" in 1980-1981. The current year's budget appears now to have placed undue reliance on net inflows of capital, which reached some A$6.6bn in 1980-81, to meet a balance of payments deficit now widening towards a $8-8.5bn mark for the 1981-82 budget year.

Net foreign borrowings by the Commonwealth itself are forecast in Canberra to reach no more than A$500-600m this year, compared with a recent peak of around $1bn in 1977-78. Recent fund-raising has been concentrated in the Swiss franc market.

Although the Treasury is likely to remain flexible on its funding, bankers in Sydney believe that the Commonwealth could expect to pay no more than ⅜ per cent above London Inter Bank Offered Rate (Libor) on new borrowings, whila the state governments, whose direct new foreign borrowings needs are expected in Canberra to be relatively modest this year, would probably find funds at between 3/16 per cent and ¼ per cent over Libor.

What may well turn out to be the single biggest Australian project financing of 1982 was completed last month—the U.S.$1.6bn credit for the Eraring power station project in New South Wales, arranged by Salomon Brothers and Westpac. The deal is seen as something of a coming-of-age for the Australian banking community by giving an Australian bank a leading role for the first time in arranging a big syndicated credit. The need for the expertise to co-ordinate large credits, and the financial muscle to take up significant portions of them are two of the compelling reasons put forward for the bank mergers last year.

According to a calendar of possible forthcoming financings drawn up last month by the magazine Australian Business, infrastructural investments by state government-owned utilities appear to be the biggest category, although not all can yet be regarded as firm prospects. These projects include the Loy Yang power station in Victoria, the Dunbury power station in Western Australia, coal-loaders at Dalrymple Bay and Koorangang Island and other coal facilities.

In addition, the Federal Government has retained Hill Samuel Australia to award a mandate for its proposed Aussat system, involving two telecommunications and air navigation satellites.

In the private sector, too, energy projects make up the great majority of current or planned activity. The largest by far is the North West Shelf natural gas project's second phase, involving the construction of a large liquefaction plant and other facilities designed to export a peak of 6m tonnes of liquefied natural gas (LNG) to Japan.

Platform

Construction of the first phase, financed largely by Woodside Petroleum's U.S. $1.4bn Euromarket borrowing early last year, is well under way, involving installation of the production platform 135 km offshore, laying of the submarine pipeline and onshore terminal plant.

The purchaser of the "first phase" gas is the state electricity commission of Western Australia, for which Orion Bank is raising about $1bn to build a a 1,500 km pipeline to Perth.

Cash flow from this deal is intended by the North West Shelf partners to help finance the second phase as soon as firm sales contracts are signed with the Japanese utilities—but it is not clear when this may happen. Morgan Grenfell, as advisers to Woodside, can then be expected to start looking for up to A$3bn worth of finance.

The second biggest project financing in the offing appears to be the Cooper Basin natural gas liquids scheme, where bankers expect CSR-Delhi to be in the market for as much as A$1.2bn. The mainstay of international lending business to Australia in the next year or so, however, is likely to remain the coal industry.

A number of big new mines in Queensland and New South Wales are already funded and under construction, and mining companies will not be rushing into new developments except where they can secure long-term contractual commitments by overseas consumers to substantial tonnages.

Against a backgronnd of tough price negotiations with Japanese stael mills this spring, a number of Australian mining groups feel they have collectively been victims of a strategy on the part of their major customers to encourage over-production of coal (or for that matter, iron ore) in order to be able to beat down prices.

Yet bankers and miners agree that good projects are still likely to go ahead and that they will attract funding without difficulty. If there has been a shake-out it has been among the more exotic alternative energy projects put forward in recent years.

Ambitious

Few bankers can be found who believe the ambitious Rundle shale oil project will now go ahead, for example, while coal liquefaction and coal-to-oil schemes also seem likely to be put on the back burner.

Among the coal projects for which loan finance is understood by Sydney bankers to be needed relatively soon are Glendell and Mount Arthur South, in tha Hunter valley of New South Wales, and Blair Athol and Newlands in the Bowen basin in Queensland.

Opinions are divided in Australia, as elsewhere, about the impact of recent declines in the oil price on the viability of coal and other energy sources. Some economists are concerned that high development costs associated with remote areas, followed by the high operational costs brought about by wage levels, will work to Australia's competitive disadvantage.

The contrary view is that the richness of many of its coal deposits, and the economies of scale available in transportation and shipping of its energy resources, still give the country an investment potential unrivalled in the world.

Adrian Dicks

PROFILE

John Howard

At the age of 42, Mr John Howard, the Australian Treasurer, is a man who attracts labels as a magnet does nails. He has been described at various times by allies and by foes, as bland, affable, arrogant, ambitious, aggressive, honest, pragmatic, conscientious, diligent, manipulative and intolerant.

Such is the style of Australian politics, he has also been called Mr Squeaky Clean and Mr Malcolm Fraser's Wind-up Doll—as well as the Australian Liberal Party's greatest success.

A man, in short, who generates fiercely differing views, perhaps because he is at one and the same time a treasurer presiding over an economy that has turned unexpectedly sour, and the man who is regarded as a prime candidate to succeed to the party leadership when Mr Fraser goes.

Should he succeed, it has been said, he would be triumphing on behalf of the entrepreneurial, middle-class, nonconformist, Edna Everage stream of the Liberal Party as opposed to the Melbourne-oriented, finance-and-business establishment mainstream that has dominated the party since its inception.

Mr Howard joined the Sydney University Liberal Club, worked for the Sydney law firm of Stephen, Jaques and Stephen, entered parliament in 1973, was almost at once made Minister for Business and Consumer Affairs and then Special Minister assisting the Prime Minister. In 1977, four years after entering parliament he became Treasurer. Last Thursday, he was voted deputy leader of the Liberal Party.

The general view in Canberra is that he has proved a relatively good treasurer. He says he is a "radical conservative" who believes in traditional attitudes and values, wishes passionately to de-regulate the private sector, to stamp down on tax avoidance and who says of his championing of the Campbell Report that "I don't suppose anybody has attempted to bring about as large a reform in the Australian financial system as I have."

He is thought to have performed well in the government's fight against inflation, but to have lost out to the protectionist lobby on tariffs, and to have demurred, so far at any rate, on some of the tougher, longer-term actions demanded by the Treasury on de-regulation and public sector spending.

In the view of Craig McGregor of the National Times, what Mr Howard represents, uniquely, is "the enormous grass-roots constituency of the Liberal Party: that great grey mass of middle-class small businessmen, shopkeepers, garage proprietors, real estate agents, blue-rinse ladies, widows, entrepreneurs, self-made men and women who join the Liberal Party, hold tea parties and loved Menzies.

It is a constituency that is broad enough and powerful enough to install Mr Howard as leader of his party.

Michael Thompson-Noel

Substantial cost savings expected in longer term

Merger policy by banks

DURING THE past year the Australian banking community has had to do a lot of catching up. The process has involved the banks both in pressing publicly for profound changes in the financial system of which they form a part and in preparing themselves as fast as they can to survive those changes.

Many years of virtual insulation from the outside world had left Australia with banks that while powerful in their home market were small by comparison with the international giants. Yet at the same time, within the Australian market, the banks had also come to feel discriminated against by being subjected to a series of close regulations while obliged to watch the explosive growth of building societies, merchant banks, finance companies and other institutions—many of them foreign-owned.

Towards the middle of last year the big Australian trading banks seem to have come to the collective conclusion that while they could not influence the timing of reform of the financial system itself they might as well get on with setting their own houses in order. There followed an extraordinary few weeks of merger proposals, bids and counter-bids during which most of the possible combinations among the five biggest private sector trading banks were at least mooted. When the dust had settled the Bank of New South Wales and the Commercial Bank of Australia had agreed to merge and will in future be known as Westpac Banking Corporation, while the Commercial Banking Company of Sydney had paired off with the National Bank of Australasia in a group to be called the National Commercial Banking Corporation (NCBC) of Australia.

Left on its own was the Australia and New Zealand Banking group—as well as of course the federal Government-owned Commonwealth Banking Corporation group, which competes with the private sector institutions across the full spectrum, and the banks owned by several of the state governments. A newcomer—the first new private sector trading bank in half a century—also made its entry into this somewhat turbulent scene last year in the shape of the Australian Bank, founded by Mr Carrick Agnew, the Western Australian entrepreneur.

The mergers, according to their architects at both groups, will offer substantial cost savings over the longer term as staffs and premises are gradually dove-tailed. Australian bankers do not agree that the country is over-banked, as some critics of the financial system have argued, yet a rough international comparison of 14 OECD member countries cited in the Campbell Committee's report shows Australia to have (with just under 3,000 people for each bank branch) the third largest number of banking offices per head of population. Measures of the productivity of Australian bank staff appear to be lacking, though Mr Victor Martin, managing director of the Commercial Banking Company of Sydney, believes it to be comparable with that of bank employees elsewhere in the developed world.

In both merged groups assurances have been given that there will be no redundancies, so that rationalisation of staffs will have to proceed at a pace dictated by normal retirement and turnover. Similarly, outstanding leases and the delays in finding new premises in many country towns and suburban shopping centres are likely to mean that in many places the NCBC and Westpac will continue to be represented for some years by two offices each.

Working parties

As well as examining all these issues working parties in each of the two groups are trying to plan exactly how they will serve their markets. "Over a period of time," says Mr Bob White, chief general manager of the Bank of New South Wales, "we hope we can cease to be all things to all people in every branch." Fulfilling that ambition will require Australian banks to press on with computerisation of their clerical work, in itself one of the major opportunities for cost savings through rationalisation in the merged groups, and in providing more automatic teller machines and electronic banking services.

Will all this be enough to protect the banks' share of the markets in retail borrowing and savings deposits if substantial deregulation does come about?

The banks are well aware that beside the entry into Australian banking of big foreign banking groups it is distinctly possible that other big financial institutions in Australia will seek banking licences. Among these might well be several of the big building societies, some of the retail finance companies not already controlled by the Australian banks themselves, one or more of the big mutual life insurance societies and not least, Elders-IXL, biggest and most aggressive of the pastoral groups which have traditionally provided a wide range of financial and commercial services to farmers and graziers.

It seems unlikely that any of these will show their hand definitely until the federal Cabinet has had the time—and the respite from day-to-day political pressures—to decide whether it broadly accepts the need for broader competition among categories of institution that have been used to working in separate compartments of financial life.

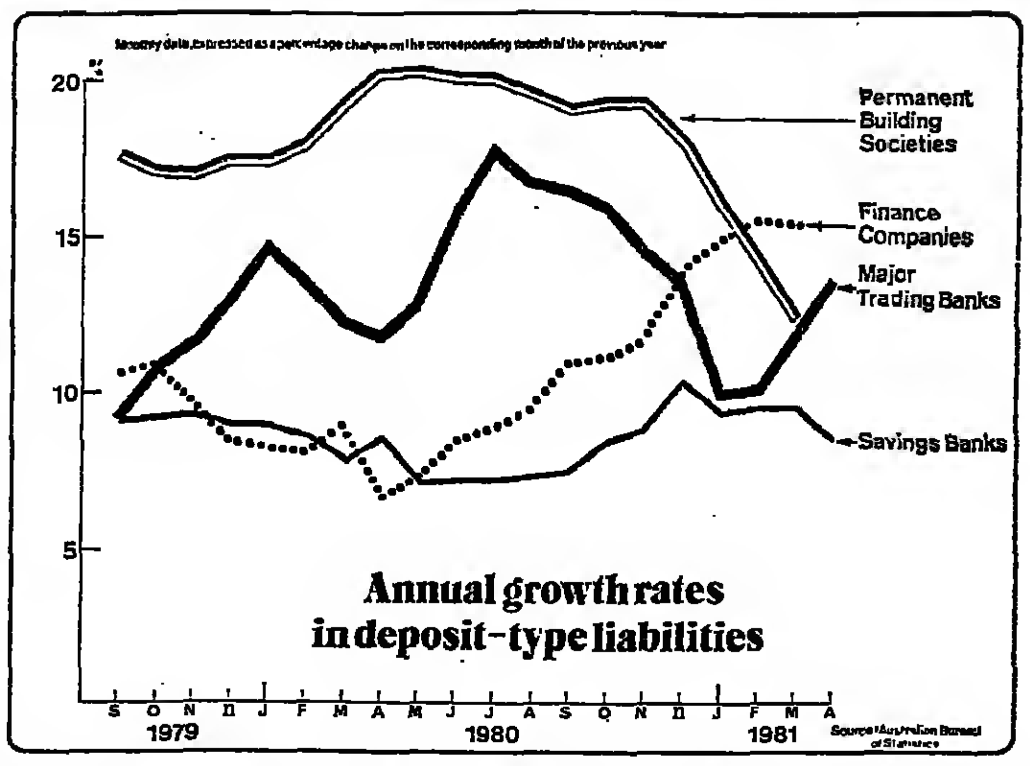
Yet for the banks the reality for some years has been a battle with the non-banks for household deposits. Unlike the other participants in what has become a free-for-all fuelled by very high interest rates the banks complain that they have been at a serious disadvantage. Their lending to private customers both in the form of mortgages and in overdraft facilities below the A$100,000 level has been subject to officially imposed interest rate ceilings, which have recently been well below the money market cost of funds.

Until the measures announced last month to improve the flow of funds into mortgage lending interest charges on home loans by savings banks were held down to 12.5 per cent and on overdrafts to 13.5 per cent. The government has allowed an increase of 1 per cent in each case—still far below what banks can charge on larger loans. Savings bank investment accounts were subject to a requirement of one month's notice of withdrawal, now relaxed, while other rules (not entirely relaxed) made banks' term deposit rates and conditions less attractive than those available to customers at building societies, credit unions and cash management trusts.

Most irksome of all to the banks perhaps has been their subjection, alone among financial institutions, to statutory reserve deposits of 7 per cent imposed by the Reserve Bank of Australia, which until the March 18 statement had been obliged to pay only 2½ per cent on them (now doubled to 5 per cent). In addition they had to keep 40 per cent of their assets in long-term government securities—a requirement which in the interests of freeing A$400m in bank funds for mortgage lending has now been replaced with a 15 per cent liquidity ratio under which banks will hold 5 per cent of their assets in Treasury notes and 10 per cent in cash or government bonds.

It is still a matter of dispute in Australia whether the March 18 measures represent a genuine step towards relaxation of controls on the banking system or merely a modification of rules that still oblige the banks to put money into housing finance at interest rates lower than they are having to pay for their funds. Publicly the big banks have welcomed the measures as the former, in private bankers are more inclined towards the second interpretation.

Adrian Dicks



TRADING AND SAVINGS BANKS

Market share and compound annual rate of growth (%).

	1950	1960	1970	1980
ANZ/Adelaide	16.2	14.9	15.8	14.7
NSW	15.6	16.7	18.1	17.6
CBA	5.4	5.6	5.3	6.3
CBC	7.5	6.7	6.1	6.1
National	8.3	8.0	8.7	9.4
Commonwealth Trading Savings Banks	29.8	32.3	30.4	27.7
Rural Bank of NSW	1.0	1.5	2.3	3.8
R & I Bank of WA	0.2	0.4	1.0	1.5
State Bank of SA	0.2	0.3	0.3	0.4
Savings Bank of SA	3.8	3.7	2.9	2.3
State Bank of Victoria	10.5	8.9	8.2	8.3
Other	1.5	1.1	1.0	1.9
Total	100.0	100.0	100.0	100.0

Foreign banks waiting to win licences

A GLANCE around the night-time Sydney skyline shows, as you might expect in a sophisticated financial centre, the names of several of the world's best-known banking groups on illuminated signs on the tops of gleaming office blocks. Yet there is a difference: in Australia the international giants may not do banking business.

With the two exceptions of Banque Nationale de Paris and the Bank of New Zealand, they do not have banking licences. Instead, their presence in Australia takes the form of ownership of finance companies, merchant banks, a wide range of investment services activities, and representative offices which channel business to their overseas parent banks.

When the Campbell Committee's report on the financial system appeared last autumn, recommending among many other reforms the granting of a limited number of full banking licences to foreign banks without delay, overseas bankers understandably felt a rush of excitement.

Ever since the report appeared, Mr John Howard, the Federal Treasurer, has been receiving a steady stream of visitors representing the world's banking establishment, each with a special claim on one of the handful of licences that might be handed out.

It is, however, doubtful whether the Australian Government feels the same sense of urgency as do the foreign bankers towards implementing this aspect of the Campbell report more rapidly than the rest. The widespread assumption outside Australia, that letting in a few foreign banks would somehow be a quick and relatively painless response to the report's powerful endorsement of reform, turns out to have been an over-simplification.

The issue of foreign banks' entry, argues Mr Keith Campbell, chairman of the committee of inquiry, is not separate from the broader changes his report recommends, but an integral part of them.

It is for this reason that the Government is most unlikely to turn its attention to the foreign bank issue any sooner than it considers the Campbell report as a whole. Foreign bankers, like the entire Australian financial community, may well have to wait until after the next federal election is over before any action is taken. In the meantime they are marshalling their forces.

Pioneer

It has been generally assumed that a minimum of three licences would be granted initially, with one each going to banks in the three main regions of the world with which Australia trades: Japan, Europe and North America. So far as the Japanese are concerned, the Bank of Tokyo is assumed to be the frontrunner both because of its special role within the Japanese banking system in pioneering overseas business and because a predecessor institution, Yokohama Specie Bank, actually held an Australian bank licence until the 1939-45 World War. The Bank of Tokyo has been trying hard to get it restored since the 1950s.

In Europe, the choice may bewilder the Australian authorities. It might be invidious and would certainly cause fierce resentment, to hand a licence to one of the big British clearing banks to the disadvantage of the others. All of them already have considerable involvement in Australia, to say nothing of the rest of the city's traditionally close links with the country.

Besides the four big clearers, Standard Chartered has been actively lobbying while Australian interests of several London merchant banks also have strong claims.

Yet the British are not the only bankers in Europe who hope for a licence in Australia. Amsterdam-Rotterdam Bank is arguing its case hard in Canberra. Among the darker horses is Deutsche Bank, which has acted as the Commonwealth Government's agent in raising over US$2bn on the German and Swiss capital markets in the past couple of years.

Among the North Americans, the competition is no less fierce. Chase, Citibank and Bank of America are all keenly interested—the last two, unlike most of the hopeful foreign banks, with an eye to the retail and the wholesale market in Australia. Among the Canadians there are also several candidates which can plead for recognition of their expertise in such fields as financing of big resources projects.

Ought the Australian authorities to be influenced in awarding licences by whether or not reciprocity is granted to Australian banks in a foreign bank's home country? On that basis, the British could all hope to get in. Should the Australians, alternatively, let everyone in but place limits, at least initially, on the foreigners' total share of banking business—the so-called Canadian model?

Would an acceptable middle course be to follow the foreign investment guidelines and make each incoming foreign bank accept a 50:50 joint venture with local partners? If so, who in Australia ought to be allowed to put up this equity?

As if these questions were not complex enough, the Australian banks have argued powerfully that if and when foreigners are let in, they should be put on the same footing as local banks. The major Australian groups all accept the Campbell committee's view that entry of foreign banks would be a necessary part of the liberalisation of the financial system which they broadly support.

Competition

They also recognise that if the newly-strengthened Australian groups are to fill adequately the role to which they aspire in the wider world, they must first accept foreign competition at home.

Mr Victor Martin, managing director of Commercial Banking Company and current chairman of the Australian Bankers' Association, admits there is a body of opinion which "doesn't want to sell the family farm" to foreigners, but he also maintains that most Australian bankers are "fairly relaxed about the prospect" of foreign entry.

He sees timing as the critical question, as well as the principle that the foreign banks should have to submit to the same reserve requirements, official interest rate limitations on mortgages and smaller loans, investments in government securities and other regulations which apply to Australian banks. Many Australian bankers feel that the foreign banks' finance companies, free like other non-bank institutions from all these burdensome requirements, are already at an unfair disadvantage in raising deposits: they also believe the foreign banks might be less enthusiastic to enter Australian banking if the regulatory climate were not changed first.

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The structure of the TUC

THE TUC has now achieved virtual unity in opposition to the Employment Bill—a unity which will last, it is safe to assume, at least until the hard pounding begins.

Its affiliated unions can thus return to matters which divide them—chief among which is the structure of the TUC's General Council. This debate, which has often been both esoteric and bitter, is of considerable importance to the union movement, and thus to the country.

It was stimulated by a decision at last year's Congress, taken against the wishes of the General Council itself, to replace the present system of electing General Council members from 18 trade groups. Under the proposed scheme, all unions with more than 100,000 members would automatically have at least one seat on the Council—the so-called automaticity principle.

Inadequate

The decision was immediately seen as a victory for the right, largely because it would bring on to the Council representatives from medium-sized unions—like the telecommunications engineers, the craft printers and the bank staffs—which are right-led. The left-led unions, with the transport workers in the van, have solidly opposed it, twisting the arms of left-wingers who voted for it last year because their unions would benefit from it.

The view which sees the struggle in right left terms, or as a battle by the transport workers to retain their considerable powers of patronage, is not wholly wrong. It is simply inadequate. The transport workers and their allies have a case. More profoundly, the replacement of the trade group by the automaticity principle, or a messy merger of the two, is not the root of the problem.

First, it must be said that automaticity would be more formally democratic and might enhance the representative character of the General Council. Mr Douglas Grieve of the tobacco workers, whatever his personal abilities, cannot claim a greater right, either numerically or industrially, to represent his 20,000 members on the Council than Mr Brian Stanley can to represent his 130,000 telecommunications engineers, or Mr Roy Grantham his 150,000 clerical workers.

Secondly, some small unions do have massive industrial power. Mr Ray Buckton's 27,000 train drivers have recently proved it, and so have Mr James Slater's 44,000 seamen. That fact must be recognised—even if the TUC has been reluctant to come to terms with and control it—at the highest levels of the TUC. The supporters of automaticity have said that something can be worked out to cope with the problem. But what?

Thirdly, and most importantly, mere council restructuring will have little effect if both TUC and affiliated unions' organisational practices do not also change, and change radically.

The TUC has, in the past 10 to 15 years, acquired an immense number of new roles and seen old ones grow. It adjudicates on inter-union disputes and its general secretary is frequently called in to big national stoppages—as at BL, British Rail and The Times. It trains and educates shop stewards, advises on bargaining strategies and promotes mergers. It represents unions on tripartite bodies like the National Economic Development Council and the Manpower Services Commission. It is their lobby on national government and the European Commission. It represents them internationally. Its influence on Labour Party policy is now completely dominant. It is thinking of founding a national newspaper.

It will not be able to do many of these things successfully if it cannot solve what many of its more thoughtful leaders see as its central dilemma—how to make sure all levels of the labour movement—especially the shop stewards, still growing in power—take responsibility for decisions made in their name. In short, how can they deliver?

Appreciation

In this respect, the TUC's role as a co-ordinator of unions' bargaining policies should be further strengthened. Many industrial problems are still due to fragmentation, inter-union rivalry and lack of information. Ignorant and divided unions can rarely deliver deals which stick.

Some unpublicised good work has been done through the TUC industry committees. Much stronger emphasis on their development could do the unions some good, the economy no harm and may even defuse the row over General Council structure by making it less relevant, or its solution more obvious.

The Australian switchback

MARKETS often overshoot because changes of mood and of business confidence are often overdone. The resource industries of the world and the economies largely dependent upon them are among those most vulnerable to such sharp changes of perceptions.

One of the most prominent victims is present-day Australia. A year ago it seemed to be on the verge of a resource boom stretching to the turn of the century. Suddenly the mood has changed. Gas from the North West Shelf is proving hard to sell to the Japanese: an explosive expansion of the aluminium smelting industry is beginning to look doubtful. Most important of all, perhaps, the oil glut is making the immediate outlook for other forms of energy appear less bright.

Such is the background to the political tremors that have shaken Mr Malcolm Fraser, the Liberal Prime Minister and victor of three consecutive general elections. A by-election in a Sydney constituency, long regarded as a Liberal fief, went against his party. It was thrown out of office in the manufacturing State of Victoria.

Endorsement

Mr Fraser's leadership was challenged strongly enough for him to demand and receive an endorsement from Liberal members of the Commonwealth Parliament. Skilled operator though he is, Mr Fraser has not helped his cause by a style of government often denounced as arrogant in Australia. A succession of ministerial resignations and dismissals support that allegation.

Opposition to Mr Fraser crystallised around one of the victims, Mr Andrew Peacock. His challenge was voted down by MPs last week, but he received sufficient votes against Mr Fraser to survive to fight again another day. Stripped of an element of personal rancour, it was a confrontation not unlike that between the Tory wets and purists in Britain. Mr Peacock is the wet. Mr Fraser the man of expenditure cuts, even if they are more deeply into the welfare system.

Not long ago the Prime Minister was able to draw up a balance sheet very much in his favour. In the three years to last December employment increased by 400,000. Investment and business profits surged. The purchasing power of disposable incomes had increased handsomely.

But the economy has faltered. Unemployment has climbed to a record mark of 8 per cent. That created an opening for the Liberal wets and for the Australian Labor Party. Mr Fraser was forced to assert his authority; an election is due no later than 1983 and only a 2 per cent swing is required to put out his coalition.

For the outside world it does matter whether Australia is run by a Labor Party with protectionist instincts, or by Mr Fraser who — supported by the agricultural interests in the National Country Party — may be "a trifle" more inclined towards opening up the economy.

The operative words there are "a trifle." Only a little progress has been made towards reducing protection for certain manufacturing industries and towards a more market oriented collective bargaining system, as advocated by the OECD to quell inflation. Nor did Canberra cheer the Campbell Report advocating a more liberal regime of exchange controls and for foreign-owned financial institutions.

A larger issue for the outside world is whether the change of mood in Australia has a lasting justification. Is the resources boom really no more than an illusion? After all, the gas, oil, coal and uranium are there.

The case is not peculiar to Australia, but applies equally to other countries, such as Canada, whose basic strength is the possession of mineral riches and exportable food surpluses.

It seems altogether out of proportion to write off these strengths because of a cyclical downturn in the industrialised countries and a temporary oil glut has caused an overestimate in the OPEC countries of their oligopolistic strength in the oil market.

More efficient use of energy and other materials may make the future look less sparkling for Australians. Canadians and the rest of them. But in the longer run the demand is there. Once that becomes apparent the mood will change, quite possibly overshooting once more to euphoria.

SURVIVAL IN RECESSION: A CASE HISTORY

A cost reduction 'miracle'

By Christopher Lorenz, Management Editor

Hugh Routledge

An exercise which "has changed the whole industrial relations climate" according to Mr John Nosworthy (centre), flanked by Mr Jim Nichols (left) and AUEW convenor Mr George Mills (right).

LORD WEINSTOCK owes a considerable debt of gratitude to two of his young Turks, John Nosworthy and Jim Nichols.

Without them, it is more than a fair bet that one of the factories within his sprawling GEC empire would by now have joined the long list of plants in the British engineering industry that have been closed over the last few years. Along with the closure would have gone the jobs of another 350 workers.

The drama in which Mr Nosworthy and Mr Nichols, both in their thirties, played the starring role was set in Stafford, inside one of the factory units that together form the striking row of tall assembly shops that can be seen to the right of the main railway line on the depressing journey northwards towards some of Britain's industrial wastelands.

The action took place within the apparently humdrum confines of GEC High Voltage Switchgear, and centred upon its bread-and-butter product, a circuitbreaker designed for use on electricity transmission lines in all corners of the globe. For technology buffs, it is a 145kV "breaker," it uses a gas called SF6 as an insulator, and it is called the FG1.

It all began two years ago. To put the problem in a nutshell, the breaker had become hopelessly uneconomic. As its cost and competitiveness was hit by inflation and the soaring value of sterling, prices on the world switchgear market slumped to almost 40 per cent below the level at which GEC could make a profit on the product, and nearly 20 per cent below its manufactured cost.

To almost everyone but Nosworthy and Nichols, the situation appeared hopeless. The FG1 had already been redesigned twice, and the normal procedures of value analysis and engineering had been exhausted.

Yet as a result of the remarkable cost reduction exercise they instigated two years ago last month—which cut the FG1's ex-works cost by a third—the company has been able to win £3m of orders for it over the last 12 months, two-thirds of them from abroad.

Assisted by last year's fall in the pound, and with unit costs also falling as the workflow picks up further, the Stafford operation has just crept back into the black, and looks set for a respectable profit over the coming financial year.

Apart from courage and determination, the key factor behind this extraordinary turnaround is the way Nosworthy and Nichols managed to mount an attack on the problem that not only broke through the barriers between different managerial departments, but also involved shop floor operatives and trade union representatives in a very real way.

"There's no doubt about it, there's a lot of talent to be tapped in any company if people can only be more involved," says Mr Nosworthy.

It is significant that both men came to GEC direct from Cummins Engines, whose enlightened employee relations philosophy has become a model for academic study and practical emulation. Now 39, Nosworthy joined the switchgear unit at Stafford in early 1979 from another job on the site, and was followed by Nichols, direct from Cummins, almost a year later.

The situation which confronted them was the familiar one of a British company having relied too heavily on its home market, and finding when this collapsed that its products were unsuitable, or too expensive, to sell on international markets in competition with 20 or 30 foreign manufacturers.

Thanks in part to the preference of the switchgear company's main customer, the Central Electricity Generating Board, it had stuck for too long with the traditional type of "air blast" breaker. Then, as the CEGB began to favour SF6 gas designs, GEC started to move in force into this technology: developed by Siemens and others, it has captured much of the world market over the last 15 years.

But GEC's first design of the FG1 was expensive to make, reflecting the "belt and braces" approach traditionally demanded by the CEGB: like almost every other British nationalised industry and public sector purchasing authority—with the honourable exception of the National Coal Board—the CEGB has been repeatedly accused over the years of harming the export performance of its suppliers by specifying idiosyncratic designs. To be fair to the board, it has recently been making attempts to broaden its outlook and take account of the need for "exportability."

Three years ago, GEC's manufactured cost for the home market version of the FG1 was £14,000. A two-stage value analysis and engineering exercise reduced this by over £2,000, making the product eminently saleable on export markets. "We were almost shouting 'Eureka, we've made it,'" says Mr Nosworthy. But then the roof fell in.

By the end of 1979 the world market price had slumped from £13,000 to £13,000 as the Swedes, Germans and French slugged it out for market share, and as sterling soared towards its 1980 peak of almost $2.50. And that was not the end of it. Prices then started to fall by a further £500 a month, until by May 1980 they were down to £9,500: barely half the level of 18 months before and alarmingly below GEC's factory cost.

"I realised there was no point asking the engineers to have another look," says Mr Nosworthy. The company either had to sell at a very highly subsidised rate, which is against GEC's philosophy, or abort the product range and with it 350 jobs. This would itself have endangered the jobs of the unit's other 150 employees, since the rest of the product line would have barely covered the factory's overheads.

Diversification was a pretty unlikely source of salvation, since almost every other part of GEC was already on the same tack, along with the rest of British industry. So the factory would have had to be closed, and its remaining work transferred to High Voltage Switchgear's other site, at Trafford Park in Manchester.

The only alternative was to attempt the impossible. But when Nosworthy set a new manufacturing cost target of less than two-thirds the current level, some of his senior colleagues "laughed their socks off," as he puts it. It took him a couple of weeks to win them round to the idea of having this one last-ditch try.

He and Nichols decided to adopt what he calls "an autocratic participative" way of attacking the problem, by laying down strict ground rules and then involving as many people as possible in the project. "Everyone knew the situation was traumatic," he says.

The project was initiated in late March: the accompanying section describes how it was handled. By August, Nosworthy's "impossible" manufacturing cost target had been met; for very understandable commercial reasons GEC is reluctant to name precise figures. Not only had 350 jobs been saved but morale and communications had been transformed.

"The engineers, the test laboratory, and the people in the factory had all been brought together, out of their separate compartments," says Nichols. Nosworthy's claim that "the exercise has changed the whole industrial relations climate" is backed up by Mr George Mills, district president of the Amalgamated Union of Engineering Workers (AUEW), and the factory convenor.

It is not only the cost reduction project itself that has improved relations, but the subsequent introduction of several quality circles, together with last November's establishment of a joint consultative committee that receives monthly operating statements, including a full profit and loss account. "We really believe in getting involved," says Mills.

Among the other changes instigated by Nosworthy is a restructuring of the machine shop into operating teams, with leaders being nominated from the shop floor rather than appointed from above as supervisors: this has cut the number of foremen but increased the status of those who remain.

The commercial results of the cost reduction project took several months to come through, while the company re-established its presence in the international market. Aided by a new stock-building policy that enables it to deliver within six weeks of receiving an order, rather than the previous six months, it then proceeded to win more orders in the six months to last October than it had in the previous three years. Business has continued to build up steadily since then.

Most of the cost increases which have occurred since last summer have been offset by a continued squeeze on suppliers, plus productivity improvements from the installation of computer-controlled machine tools as part of a £750,000 investment programme.

Thanks to this, the fall in sterling and a gradual pick-up in world market prices, the road back to respectable profitability is beginning to emerge from the gloom. The launch of a Mark III version of the "breaker" in the next few months, incorporating many of the ideas from the initial cost reduction project, will bring costs down again. It will also open up new markets, since it is a modular design that can easily be adapted to take the company into slightly higher voltages.

So the company seems to be bouncing back, just like its bigger neighbour on the Stafford site, GEC Turbine Generators. Its achievement is a near-miracle by the standards of many engineering companies. What Britain, and Lord Weinstock, need is more such miracles on a grand and sustained scale for many years to come.

HOW A GEC TEAM PRODUCED THE ANSWERS

The project was managed as follows: A steering team, headed by John Nichols, was set up to coordinate three working teams, each focusing on different aspects of the problem: one on the breaker's switch mechanism itself; one on its cabinet, wiring and assembly; and one on the all-important testing procedures.

Each team consisted of seven or eight hand-picked members, including someone from design, a production engineer, someone from the accounts department, a clerk from purchasing (half the product's cost was in bought-in components), an operator, a trade union representative, and a team leader. Together with employees who were consulted on specific issues, the number closely involved with the project totalled about 45.

True to GEC's scepticism about outside consultants, only one was engaged: Ron Burn, from the West Midlands Engineering Employers Association. After giving all the 45 some initial training in cost reduction techniques, his role was to come to Stafford for about one day a week, and act "not only as an outside mentor but also as a driving force," in Nosworthy's words.

The teams set about their task outside normal working hours, sometimes coming in over the weekend. To reinforce an appeal for the entire workforce to put forward suggestions for ways in which the product's cost might be cut, a display was mounted in one of the empty assembly bays, with the breaker dismembered into its 503 constituent components. Each part was labelled, with a chart of the total cost breakdown.

The company's long-standing suggestion scheme had long since ground to a halt, for the reason common to many companies that enthusiasm had died when the management failed to take up suggestions. But the urgency and focus of the new exercise generated 243 suggestions in the space of just a few weeks.

Some of them were downright embarrassing to the management, in that the working teams found they could not assess them properly with the company's existing data, especially on costing. "We thought we had good information, but soon discovered we hadn't," says Nichols.

The need to gather more data was one of the reasons why the project took a month longer than the expected three. But it was well worth the extra effort, because shop floor suggestions accounted for about half the eventual cost savings.

Most of the rest emanated from the design engineers—the same people who had previously said they had done all they could. "No-one had asked 'why can't we reduce the amount of wiring, or cut the thickness of the panelling'," says Nichols.

Men & Matters

Big apple cause

A sign of hard times afflicting the United States. David Rockefeller, banker and brother of the late vice-president Nelson Rockefeller, and John Lindsay, former mayor of New York, will lead an unusual mission to Britain next month. Staged and paid for by the City of New York its task will be to drum up new industry for the Big Apple.

New York has been almost bust for so long that an empty city treasury has become a way of life for citizens and politicians alike. But this will be the first time that New York has actually admitted that it is dependent upon support from the world at large to the extent of looking outside the U.S. for new investment.

The sales pitch will be impressive. At conferences in London and Chester prospective punters will be told that within a day's drive of New York by delivery van there is waiting to be tapped the combined purchasing power of Britain and West Germany.

As if that is not enough to pull them in, the consultants Arthur D. Little have written a report on the city's special qualities as an industrial base. The company claims New York has special advantages for manufacturers of pharmaceuticals, medical equipment, plastics products, and sporting goods.

Rockefeller, aged 67, retired two years ago after 11 years as chairman of the Chase Manhattan. Since then he has become the energetic chairman of a board of 100 leading New Yorkers.

They call themselves the New York City Partnership and are an interesting mix of city bosses and businessmen working together to improve social and economic conditions in what must be the most complicated machine for living in and working in yet created by man.

"I don't know which is worse—my post-Easter holiday depression or my post-war fever euphoria depression!"

Huckleberry in

The principal of the Mark Twain Intermediate School in Virginia's Fairfac County has horrified literary and academic circles by recommending that the great American classic Huckleberry Finn be removed from the school curriculum.

Opponents of Huck are denouncing the work as a "grotesque example of racist trash" and complaining about the "flagrant use of the word 'nigger' and the demeaning way in which black people are portrayed in the book."

Huck's supporters say this fails to understand the satirical nature of the 100-year-old book. Nor should it be judged by today's standards of racial behaviour.

The casting vote in this particular debate has gone to the area school supervisor who says Huck stays where he is.

Another Virginia official, however, has taken the law into his own hands to stamp out racially offensive literature. The target is none other than the state's song, "Carry Me Back to Old Virginia," and it has been ordered to be removed from a state travel brochure.

In fact the song was written by James Bland, a black minstrel, the son of a South Carolina slave. He never lived in Virginia and wrote the song in 1875 while living in England.

In 1806

Showing some smart footwork Liverpool University will set out to prove next Saturday that its Centre for Latin American Studies is more than an ivory tower.

For just £1 anyone can attend a special conference on Britain, Argentina, and the Falkland Islands.

But will there be anything new to say after saturation coverage of the subject? Dr John Fisher, the organiser, thinks there will be a lot of ground to cover. For instance, he suggests, there are the events of 1806-10 to be mulled over anew.

Then it was that a British fleet took Buenos Aires with just 1,000 marines and the Spanish colonists fled into the countryside.

Trade quickly followed the flag in those days and a jubilant reinforcing fleet left Britain for the River Plate together with 100 merchant ships looking for new markets.

Ironically, says Dr Fisher, there were no discernible Argentine attitudes towards the Falklands at that time. The Argentinians were too busy fending off indigenous hostile Indians who often surrounded Buenos Aires.

Nudge nudge

Some Treasury officials, anxious about comments in the Press linking the Falklands crisis and Britain's Suez adventure of 25 years ago, are gently putting out the word that such comparisons are "unhelpful."

Somewhat sensitive after last week's fall of the pound the mandarins are trying to remind journalists that, whatever happens in the South Atlantic, Britain is running a world-beating trade surplus.

Additionally, and in sharp contrast to 1956 at least, the centre of operations is a long way from the path of international oil tankers and Britain has the North Sea to fall back on this time round. Anyway, that is what they are saying.

With "Pengwins"

Meanwhile, in case it counts for anything in international law, it appears to have been an English naval officer, T. Boutflower, who drew the earliest known maps of the Falkland Islands.

The shortage of modern maps of the islands, which I reported last week, has prompted Phillips, the fine art auctioneers, to dig into their records. They have sent me reproductions of Boutflower's maps drawn while he was serving in a task force which claimed the Islands for Britain and evicted a French colony.

Phillips sold the maps for £320 in 1970 and have no idea who owns them now. Boutflower did an imaginative jobs with sketches of human invaders armed with pikes and guns attacking "albitrose, pengwins and sealions."

Observer

FOREIGN AFFAIRS

Nato and nuclear dependence

By Ian Davidson

ON AND OFF, for 30 years and more, the Atlantic alliance has been debating two interrelated, and apparently insoluble problems: how can Europe provide more adequately for its own defence, and how can the U.S. enhance, or even just sustain the credibility of its military guarantees?

Political moves to tackle the first problem have failed miserably, as when the European Defence Community project crashed in the French National Assembly in 1954, and more decisively when General de Gaulle took France out of Nato over a decade later; and subsequent innovations, like the Eurogroup inside Nato, have looked like weak admissions that nothing fundamental can be done to promote the idea of European defence integration. Attempts to tackle the second problem, like the doomed project for a Multilateral Nuclear Force in the 1960s and the current scheme to modernise theatre nuclear weapons in Europe, only seem to make the problem worse.

On the face of it, it would seem as if nothing can be done about either aspect of this double problem: that we must make the best of an alliance structure which, like democracy, is in some ways deeply unsatisfactory, but which, also like democracy, is less unsatisfactory than any alternatives on the horizon.

In a paper delivered to a recent conference organised by the Journal of Common Market Studies, for example, Professor Hedley Bull, a prominent international affairs specialist, argued that the countries of western Europe are now perfectly capable of providing for their own defence, and that they must do so because of the underlying divergence of interests between them and tha United States. In particular, Professor Bull highlighted the conflict between America's pursuit of a global struggle for supremacy over the Soviet Union, and Europe's desire to maintain something of detente.

Accordingly, the European countries should improve the size and quality of their conventional forces, and should provide themselves with nuclear deterrent forces over which all of them, including West Germany, should have a much larger measure of control than they do now.

The trouble with the Bull plan is that it is not accompanied by any suggestion as to how the final result is to be brought about.

There are only two factors which are capable of forcing a fundamental European rethink of the traditional alliance structures.

The first is the rapid escalation, far in excess of inflation, in the cost of high-technology conventional weapons. Mr John Nott, for the time being Britain's Defence Secretary, has warned that this cost-escalation could lead to bankruptcy, and the UK is not alone; the Tornado multi-role aircraft is a major squeeze on the German budget, and French parliamentary committees have long been vocal in protest at the impoverishment of their conventional forces. Sooner or later, the inflation of hi-tech costs will force European governments to pursue either low-tech weapons or much more serious efforts at cost-cutting through specialisation or collaboration.

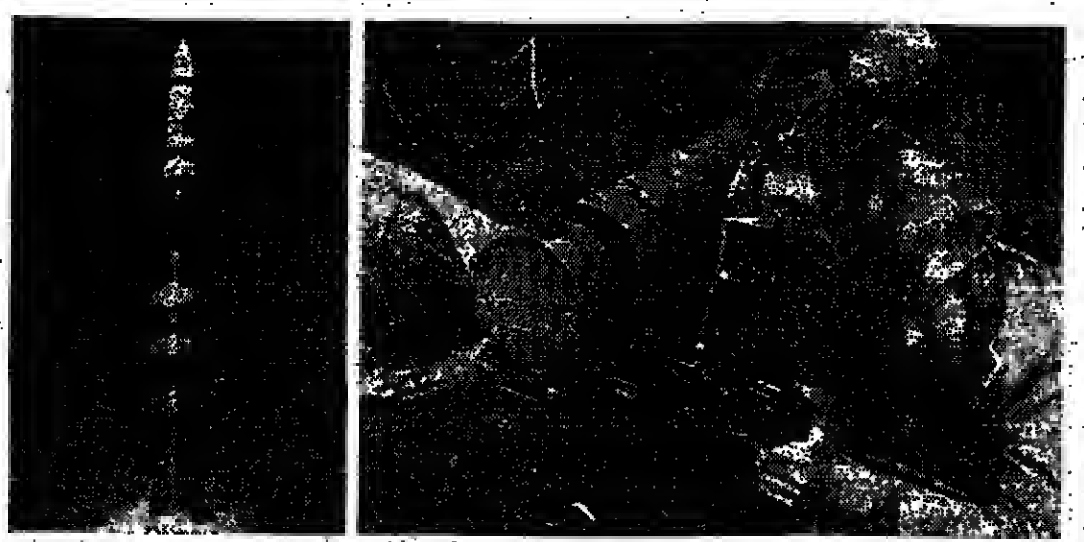
In the UK the most dramatic example of high-technology weaponry is the plan to buy the Trident D-5 submarine missile system from the U.S.; if the Falkland crisis forces the Government to back-track on the slimming of the Royal Navy, it may also force a re-think of the central plank in its nuclear strategy.

The second factor driving a rethink of alliance relatonships is the current debate. There are two central propositions in this doctrine. The first is that the U.S. can and does give a nuclear guarantee for the protection of its European allies ("extended deterrence"); the second is that this guarantee is provided by a wide range of nuclear options, from short-range battlefield weapons based in Europe right up to the strategic systems based in the U.S., which enable the U.S. to meet any threat at any level ("flexible response").

Over the years, Americans have tried to strengthen the plausibility of both propositions by steadily adding refinements to their targetting optiona and by multiplying the number of steps in the ladder of escalation. Unfortunately, this has not merely failed to solve the political question of confidence within the alliance, it has actually made things worse.

On the one hand, at the popular level, there are those in Europe who accuse the Americans of trying to acquire the capability for fighting and "winning" a controllad nuclear war limited to Europe. On the other, there are strategic experts, on both sides of the Atlantic, who increasingly question whether any nuclear exchange can be controlled in the deliberate way implied by tha doctrine of flexible response.

One reason for questioning the controlability of nuclear exchanges is that it assumes perfect intelligence, communication and command between the President of the U.S., and whoever has to press the button, whether it is an army commandar in Germany or a pair of officers in a Minuteman silo.



The Pershing II (left) should be a last resort, while conventional forces, like these German soldiers using anti-tank weapons, should be strengthened, it is argued.

But as Desmond Ball so persuasively pointed out in a recent Adelphi paper, communications systems are inherently fragile and liable to be vulnerable in any nuclear exchange.

Others have argued that Nato is excessively and dangerously dependent on nuclear weapons. For many years the alliance has tried to compensate for its inferiority in conventional forces on the central European front by the deployment of short- and medium-range nuclear weapons. But over time the Soviet Union bas itself deployed equivalent or even superior theatre nuclear forces (for example, the notorious SS 20s), while Nato's conventional inferiority remains.

Lawrence Freedman the new Professor of War Studies at King's College, London, has argued that Nato should reduce its nuclear dependence by unilaterally banning the deployment of battlefield weapons in forward areas. But the most radical proposal which came last week from four very authoritative Americans—McGeorga Bundy, George Kennan, Robert McNamara and Gerard Smith—is that Nato should adopt a declaratory policy of no-first-use.

Hitherto the U.S. has repeatedly rejected Soviet offers to join in such a declaratory policy, because of Nato's conventional inferiority. Only last week, Mr Alexander Haig warned that it would require the re-introduction of the draft in the U.S., and the tripling of America's armed forces. But while the four authors of the article in Foreign Affairs agree that conventional forces, including those from the U.S. would have to be strengthened, they clearly do not believe that the strengthening would hava to be all that dramatic.

One could not, of course, be certain that a no-first-use policy would necessarily prevent the use of nuclear weapons if war did break out. But a posture designed to reduce dependence on nuclear weapons, and to build the largest possible fire-break between conventional and nuclear war, could bring major benefits: it could enhance stability on the central front, and it could help rebuild political cohesion between the two halves of the alliance.

Above all, perhaps, it would force American nuclear planners to come down to earth. "Once we escape from the need to plan for a first use that is credible, we can escape also from many of the complex arguments that have led to assertions that all sorts of new nuclear capabilities are necessary to create or restore a capability for something called escalation dominance—a capability to fight and win a nuclear war at any level . . . We shall find that our requirements are much less massive than is now widely supposed," say the authors.

By themselves, neither the arguments nor the authors are likely to influence the Reagan Administration, were it not for the fact that they may tend to reinforce the growing chorus of popular anxiety in America. If the U.S. carries on along its present tack, it riska alienating public opinion in Europe to the point where a lot more people will start talking about the kind of scenario advocated by Professor Bull; whereas if it were to de-emphasise the role of nuclear weapons in Europe, it would restore public confidence on both sidea of the Atlantic, and at the aame time make it both possible *and necessary* for European countries to examine less dramatic experiments in defence co-operation in the conventional field.

Can Nuclear War Be Controlled? by Desmond Ball, Adelphi Paper 169, International Institute for Strategic Studies.

Arms Control in Europe by Lawrence Freedman, Royal Institute of International Affairs.

Nuclear Weapons and the Atlantic Alliance, by McGeorge Bundy, George F. Kennan, Robert S. McNamara, Gerard Smith, in Foreign Affairs, spring 1982

Social Affairs

The demographic advance of the Grey Panthers

By Ian Hargreaves

IF ONLY the future could be as simple as Eyvind Hytten says the past might have been.

Mr Hytten is one of those heat-resistant Scandinavians whose very manner breeds confidence in the brisk management tools of research and long-range planning.

He is, in short, a demographer; a social weatherman deeply convinced that storm fronts can be predicted and evasive action taken before they arrive.

Specifically, Mr Hytten, who works for the UN, was in London the other day arguing that Europe's disaffected youth, from Bologna Red Brigades to Brixton rioters, would never have happened had politicians 30 years ago recognised the certain consequences of the post-war baby boom and created enough jobs or other creative outlets for a rising generation.

His more urgent point, however, was to sound a warning about the future demographic consequences of this same population bulge which aided by medical advances will, by the end of this century, be manifesting itself in the greying of society, not just in Europe and North America, but to some extent in every area of the world. The product in Mr Hytten's attaché case, by the way, is a UN world assembly on ageing, planned for July.

The statistics, which will fill the Vienna air like bats in a railway tunnel, are indeed pretty dramatic. By the year 2025, one in seven humans will be over 60, compared with one in 12 in 1950.

Absolute growth, amounting to a four-fold multiplication of old people to over 1bn in that period, will obviously be greatest in developing countries with large, rapidly growing overall populations. But the sharpest structural changes will be in Europe.

In Europe, present trends suggest that a quarter of the population will be over 60 by 2025, compared with 17.4 per cent in 1975. In Africa the change will be from 4.9 to 6.6 per cent.

The numbers carry an implication of chaos. After all, is not the civilisation of advanced health and social service structures already wobbling on the precipice of insolvency? Can the industrialised world really sustain the transition from 19 old-age pensioners per 100 employed people in 1950 to 38 per 100 in 2020?

One certainty is that old people themselves will increasingly be in a position to determine the answers to these questions. By the turn of the century the over-60s will account for a third of the electorate in industrial countries. In Sweden pensioners already bargain collectively for their annual increments, and Americans have long since learned to recognise the drumbeat of the Grey Panthers, which has outlasted that of the Black Panthers, in its campaign for a better deal for the old, as well as its involvement in other issues, such as disarmament.

‘The over-60s are not so much a special group as foot-soldiers in the growing army of long-term unemployed’

In Britain, the tone of the old people's lobby is more supplicant, as the names of the two main pressure groups, Age Concern and Help the Aged, indicate. But their demands are no less far-reaching. Help the Aged's nine-point "world charter" for the old, which will be on the table at Mr Hytten's conference, rehearses the familiar demands for better pensions, better housing and better health care and throws in, for good measure, demands for more education, "neighbourhood charters" to fill the social vacuum left by the dispersed families, and counsellors for the dying. Still there, too, is the plea for an end to the compulsory retirement age, an item which jars with the statistics of mass unemployment among the young.

There is no harm in updating the plans for Utopia, of course, but they are hardly likely to receive planning permission in current circumstances.

In a climate in which it is necessary to argue which services most merit preservation, the starting point in the age debate should be the fact that in Britain, which is probably fairly typical, four out of five old people live in their own homes or with families.

In order to prevent a greater degree of institutionalisation—which is more expensive but often happens by accident when pressures are increased in what you might call the private sector—basic benefits (pensions and supplementary benefits), along with housing subsidies, need to be large enough to make living conditions satisfactory. Apart from a couple of minor deteriorations, the British old age pension has kept up with price inflation in recent years, although there have been serious cuts in the home-delivered social services, such as home helps, which are also vital in keeping old people out of institutions.

These rearguard defences, however, do not begin to address the more ambitious objectives of the age debate, summarised in the "add life to years" slogan of the UN assembly.

The message here, a paradox with the notion of the old as an intolerable burden, is that medical science has indeed added years (the average span in the developed world is 76 for the female, 68 for the male), and will continue to do so, subject only to hospital waiting lists. The adding-life element, say the campaigners, depends upon image-breaking; pains in your legs are not "part of getting old," as general practitioners are inclined to say, nor even always "a touch of arthritis." Even more significant, mental atrophy or senility, research has shown, is part of life for only one in 20 over-65s.

Viewed in this way, the over-60s are not so much a special, homogeneous group but more foot-soldiers in the growing army of the long-term unemployed. Society has yet to make even a beginning in understanding what it expects the vigorous, *compos mentis* individual, with no job and no small children to care for, to do with his time.

If a response is not found, who knows what will happen? Riots in Bognor Regis? Flames along Florida's condominium coast? Perhaps not; but the old, like the years themselves, are advancing.

Letters to the Editor

Falklands: sovereignty, peacekeeping and the UN

From Mr J. Penhaligon

Sir,—May I remind Lord Noel-Baker (April 8) of a number of points:

He states that "If we fired the first shot the whole world would be against us." The first shots have been fired. They were fired when the Argentine marines landed on the Falklands and South Georgia. The British marines fired tha second shots. He has either forgotten how to count or else he has over the years gained a master's degree in what George Orwell called "newspeak," also known as "double-think."

Verbal condemnation in international organisations has never succeeded in reversing acts of aggression by nations which committed them. The League of Nations failed to rectify aggression by Japan in Manchuria, by Italy in Ethiopia and Albania, by Germany in Czechoslovakia or by Russia in Finland. Force alone has been capable of reversing aggression or minimising its effect. UN military action reversed aggression in Korea in 1953 and Finnish military resistance minimised the effect of Russian aggression in 1939.

As for sanctions, I cannot recall that they had the slightest effect against Mussolini in 1935 or at any time since. Sanctions are either defeated by self-interest or opportunism.

If Lord Noel-Baker or the Financial Times are going to discount the ultimate real sanction of armed force I suggest they keep in mind a picture of Neville Chamberlain — ba thought a piece of paper could buy peace.

J. H. Penhaligon.
51, Heron Court Road, Winton, Bournemouth

From the Political Officer, Association of World Federalists

Sir,—By international law the Falkland Islands are British and the vote of the UN Security Council that declares the Argentinian seizure to be illegal is highly significant. Under the relevant Article of the UN charter, the British Government is entitled and justified in taking military and other action to defend its impugned rights until the Security Council does something to protect them. Legally speaking this is justification for whatever action is deemed necessary to recover the over-run territory.

If international law is flouted, the UN should do more than protest. The organisation ought to be equipped with forces capable of keeping the peace or, where needed, to police the troubled arens. Until now, however, and like most other governments the British, instead of proposing permanent, individually recruited UN peace-keeping forces to provide the necessary policing, have been content to continue with the rontina and outdated methods of using national force to uphold sovereignty. That is why we have no other recourse than to military means.

Both Argentina and Britain claim "sovereignty" over the Falklands. They are claiming incompatible things, since sovereignty means supremacy. In this claim, Britain happens to bave international law on its side, but the claim to sovereignty does not essentially depend upon legality.

It is urgent to find a way of getting out of the impasse. Argentine pride and the continnance of its government is at stake and, on the other hand, repudiation of aggression and probably the survival of the British Government. Military force will ultimately have to be followed by peaceful means of settling the dispute.

The International Court should be asked to adjudicate. During the interim, a UN governor, appointed with the agreement of the two governments, might be asked to act, carrying on the administration in the way this has customarily been done, with a force of 100 peace-keeping troops drawn from several countries, e.g., Canada, Ireland, Sweden.

The question of sovereignty could be eased by a joint declaration that, as in all other cases in the modern world, national sovereignty is subordinate to the UN and must conform to the rule of law and to the canons of international law.

John Roberts.
Association of World Federalists,
40, Shaftesbury Avenue, W1.

From the Managing Director, Axle Division, Eaton

Sir,—I read the article by Ian Davidson (April 7) and would like to say that I am more frightened by the damage that might be done to the economy by people like Ian Davidson and his ilk in the media, than I am of the potential damage that might occur as a consequence of a military action in the Falklands.

There is prevalent a suggestion that following a successful re-occupation of the islands, a South Atlantic force would hava to be maintained on a continuing basis in order to maintain sovereignty. I would think this is highly unlikely.

In a situation where a re-occupation of the islands was successfully achieved by Britain, it is unlikely that Argentina would try again to impose its sovereignty on the islands knowing that it carries the certainty of the type of action which is currently under way.

The greatest danger that the country faces at the moment, in my view, is that the competence level of foreign affairs reporting, in the major newspapers, is such as to give the Argentines the mistaken belief that we are not prepared to carry out the policy of the Government.

I would suggest that Ian Davidson takes a holiday some place until after the exercise is completed and I think by so doing be will make a significant contribution to tha success of the project.

T. M. Finnegan,
Eaton,
Aycliffe Industrial Estate, Darlington, Co. Durham.

From Mr H. Cundall

Sir,—In your leader of April 6, "After Carrington," you say: "The central view which the invasion raises . . . is simply that of aggression. If such bare-faced attacks were allowed to achieve their ends, then the consequences would be grave. . . ."

The simple truth is that such bare-faced attacks do achieve their ends, almost without exception — Hungary, stealing the Suez Canal, Czechoslovakia, Tibet, Afghanistan, Vietnam, Cambodia, Cyprus — have I forgotten any?

No, Sir, it is not the conditional tense you should use, it is the past and present tenses. The consequences bave been and still are grave—for the Hungarians and the Czechs and Tibetans and the Afghans and Vietnamese and tha Cambodians and Greek Cypriots.

The actual question, and a very simple one, is: Are the once-mighty British strong enough in strategy, in fact, and in will-power to reverse the trend?

Our Government needs all our moral support and all our strength to do this, not only for our own sake but, as you so rightly say, for the peace and preservation from suffering of many other threatened peoples.

H. Cundall,
Tudor House, Long Whatton, Loughborough.

Blacks in business

From the Senior Research Officer, Institute of Small Business

Sir,—The response of government and the private sector to the belated realisation that few black business leaders are to be found in Britain's business community (March 22) is welcome, although arguably inadequate. It is indeed a sanguine comment on race relations that the major banks cannot, from some 11,300 branches, find one black manager to advise them on lending policies to black businesses.

What is needed is a concerted effort to correct the imbalance by recruiting and training ethnic minorities for management positions, even if this means positive discrimination for a short time by accelerating the advancement of black managers to an acceptable level of responsibility. In the case of businesses operating in predominantly black areas, for instance, the appointment of black managers to local branches may make sound commercial sense.

Black advancement in large organisations must go hand-in-hand with assistance to independent black businesses since the greatest gains are likely to be made at the small business level, given that a solid foundation of black business activity already exists. That black businesses are still few on the ground is clearly shown by available statistics—although their share of total population is about 2 per cent, blacks do not account for much more than 0.1 per cent of all businesses.

In the London Borough of Brent, for instance, there is one black business for every 300 black residents—the national ratio is about 1:45.

The extent of economic disparity is considerable but we must not allow it to grow even larger.

Although the business experience of black Americans extends back to the 19th century (a Freedman's Bank was established in 1865), it is only over the past two decades that black business development bas really accelerated, coincidental with government assistance and the efforts of the black community.

Supportive developments will require resources from government and the private sector; above all, they will require ingenuity and resourcefulness by the black business community itself.

Peter Wilson,
Sussex Place, Regent's Park, NW1.

Bank of Scotland up 9% for year

TAXABLE PROFITS of Bank of Scotland have risen by £2.9m, or 9pc, to £47.2m for the year ended February 28, 1982, but second-half figures were marginally lower at £21.4m, against a restated £22.4m last time.

The year's dividend is being raised by 20 per cent from 17.5p to 21p net per £1 capital stock, with a final of 11p (9.5p). Stated earnings per capital stock were down slightly from 125p to 123.9p.

As might be expected in the present recessionary conditions, the level of provision for bad and doubtful debts increased. The charge to revenue, including augmentation to general provision amounted to £14.6m (£11m), in addition to which, £1.8m has been re-allocated from general to specific provision.

The parent bank continues to maintain a general provision of around 1 per cent of advances, excluding those considered to be without risk, while the major subsidiaries maintain provisions at a level appropriate to their type of business.

Total group provisions, as at the year end, were £50.4m, against £41m previously. Of these, £29.1m (£22.2m) related to specific provision with the balance of £21.3m (£18.8m) for general provision.

Total advances amounted to £3.16bn at February 28, 1982.

Group operating profits increased by 12.2 per cent from £44.4m to £49.8m for the year. Share of associates' profits rose marginally from £0.7m to £0.8m, but there was loan interest of £1.4m this time. An amount of £2m (£1.8m) was payable to staff under the profit sharing scheme.

The parent bank's results fell back by £2.2m to £34.2m. Interest earnings improved because of a higher volume of business—both in sterling and in foreign currency—but the benefit was modified by the effect of lower interest rates.

Income from service charges and commissions increased by 25 per cent, while expenses grew by less than 15 per cent—a more modest increase than in recent years. In money terms, however, the increase in expenses is considerably greater than that in service income and this, together with the heavier bad debt provision, resulted in the reduction in the parent bank's profits.

There was a small decrease in the share of profit of International Energy Bank, the associate of the parent bank.

The contribution of North West Securities, the finance house subsidiary, and its associates, more than doubled from £5.4m to £10.9m. Turnover rose by some 6 per cent and there was substantial benefit from the lower funding cost of business done at fixed rates in earlier years, as well as from cost reductions initiated last year.

The merchant bank subsidiary, British Linen Bank and its associate increased their contribution by £0.8m to £4.1m, in a year which saw active development of business throughout the UK.

Tax charge for the year increased from £2.7m to £6.8m.

Extraordinary items showed a turnround from credits of £0.8m to £1.4m debits. The special tax on banking deposits accounted for £7.4m of these items, offset by credits of £6m which included the gain on the sale of the interest in Banque Worms, following nationalisation by the French Government.

Attributable profits decreased by £2.4m to £39m. Dividends absorb £6.8m (£5.7m).

In current cost terms, pre-tax profit were £32.8m (£26.4m) and attributable profits £21.4m (£24.5m).

See Lex

HIGHLIGHTS

After briefly reviewing the latest moves in the financial markets Lex goes on to discuss British Petroleum's decision to sell its stake in the Beatrice Field in the North Sea. The column then moves on to the two major results of the day. Northern Engineering has clawed its way back to 1978 profit levels with a pre-tax rise of 26 per cent to £33m. There was a particularly strong performance in South Africa, while in the UK the troubled transmission business has been pulled back to break-even. Bank of Scotland's 1981 results disappointed the market yesterday. Pre-tax profits for the year rose from £43.3m to £47.2m, but analysts had been predicting over £50m ahead of the results.

NEI profits expand 26% to £33m

SECOND-HALF pre-tax profits of Northern Engineering Industries, electrical and mechanical equipment manufacturer, moved ahead by £4.46m to £17.95m and left the figure for the whole of 1981 some 26 per cent higher at £33.03m, compared with £26.06m. Turnover expanded by £111m to £721m, a rise of 20 per cent.

Mr D. McDonald, chairman, says the group sees strength in its current businesses, both with sound financial, technical and managerial resources, the potential exists for further development internally as well as for expansion by acquisition.

"Our task is to respond competitively to market forces and by doing so I am confident with NEI will continue to progress."

On capital increased by last year's rights issue, and acquisitions, stated earnings per 25p share are lower at 10.34p (10.51p) on a net basis, and 12.25p (12.3p) on a nil distribution basis. The dividend, however, is lifted to 4.125p (3.75p) net with a final payment of 2.75p.

The value of net orders in hand is currently over £1.1bn, and order intake for the year exceeds £1.2bn, the chairman states. International trade continues to make an important contribution to group performance, he adds; direct exports from the UK, including sales to group companies overseas, amounted to £145m. Turnover of the overseas companies totalled £255m.

The group has continued its capital expenditure programme on the improvement and extension of manufacturing facilities in the UK and overseas, investment for the year totalling £38m. And it is investing substantially in product development and research.

Acquisitions during 1981 cost £27m.

"These investments in new plant and improved technology are already contributing to cost reductions and improvements in productivity, which must continue to be made to secure our trading position in increasingly competitive world markets," Mr McDonald states.

He adds that despite the capital expenditure and acquisition programme, group liquidity is very satisfactory.

The AGR orders and ancillary work related to the new home power stations provided a strong feature in an otherwise depressed home market, Mr McDonald states. And if the PWR system is adopted for the UK following the public inquiry which is to be held early in 1983, there will, he adds, be considerable scope for NEI companies in the supply of major components.

Group companies have generally maintained, and in some areas increased, their market share of the available home business, but the chairman says the major effort has been concentrated on overseas markets.

A strong international marketing organisation has been established at group level to assist in identifying opportunities throughout the world, and to support the trading companies in the export field.

"Our overseas manufacturing companies . . . are continuing to make a significant and increasing contribution to the group."

After tax of £8.19m (£7.36m) for the year, minorities, £3.1m (£1.77m), and an extraordinary debit of £1.3m (£725,000), the attributable balance came through ahead from £16.2m to £19.45m.

On a current cost basis pre-tax profits were reduced to £18.4m (£11.4m).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Armitage Bros.	27	—	24.5	27	24.5
Bank of Scotland	11	June 7	9.5	21	17.5
Barton Group	1.4	—	1	2.4	2.4
Cedar Inv. ...int	1.7	June	1.7	—	4.5
Danks Gowerton ...int	0.25	May 15	Nil	—	0.5
Dufay Bitumastic	1.5	May 28		2	2
Minet Holdings	2.69	—	1.75	5.7	4.55
NEI	2.75†	July 2	2.5	4.13	3.75
Peters Stores ...int	Nil	—	1.5	—	1.5
Selex	0.1	—	0.1	0.1	0.1

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

Barton Group recovers with 34% increase

A 34 per cent increase in pre-tax profits from £0.78m to £1.03m is reported for 1981 by Barton Group, the engineering and industrial services concern. This represents a recovery from the mid-year position, when taxable profits were down from £1.16m to £0.46m.

Although the interim dividend was cut to 1p, against 1.4p last time, the final payment is being raised from 1p to 1.4p for a maintained total of 2.4p per 25p share.

Sales increased by 8 per cent from £45.6m to £49.27m. Trading profits were marginally ahead at £2.15m, against £2.13m, before debiting interest charges of £1.11m (£1.13m) and a reduced share of associates losses of £4,000 (£236,000).

Tax charge was up from £146,000 to £208,000 and earnings per share rose from 2.52p to 3.37p. Dividends absorb £589,000 (same) and with extraordinary debits taking £0.7m (£1.29m) the retained loss emerged at £0.47m, compared to £1.26m previously.

The group's engineering profits advanced from £0.91m to £1.13m, on sales of £18.1m (£17.84m), while tubing and foundry profits rose to £730,000 (£443,000) on sales of £24.53m (£21.34m). The industrial services division, however, returned a lower contribution of £280,000 (£536,000) from sales of £6.64m (£6.42m).

Barton operates largely in the UK but also has a major manufacturing company in Canada.

Current cost loss before tax was £45,000 (£62,000).

● comment

Barton has bobbed in and out of the red in the past two years and is still having a tough time getting things right. The group has now extricated itself from its troubled structural engineering business and these closures provided the bulk of the extraordinary debits in both 1981 and 1980. But this does not spell an end to its problems. In the late 1970s, the group sharply stepped up borrowings and expanded its industrial services division. The move has proved ill-fated as the division's contributions to profits have plummetted from £1.2m in 1979 to £280,000 last year. This sector is basically a merchanting business which operates in four industrial areas. All but one, scrap, remain depressed and even scrap is just providing volume as opposed to reasonable margins. Borrowings are now at about £7m which means that interest payments are still eating up more than half the group's trading profit. Barton has improved the final dividend on the hopes that 1982 will bring a better result and the shares moved up 1p to 29p on the day. The yield of more than 12 per cent shows that the market still is not expecting much.

YEARLINGS SAME

The interest rate for this week's issue of local authority bonds is 14 per cent, unchanged from last week and compares with 12¼ per cent a year ago. The bonds are issued at par and are redeemable on April 20 1983.

A full list of issues will be published in tomorrow's edition.

Minet earnings over £6m ahead year end

WITH A final quarter contribution of £4.17m, against £3.49m, pre-tax profits of Minet Holdings, Lloyd's and general insurance broker, finished 1981 70 per cent ahead at £14.75m, compared with a previous £8.68m.

Earnings per 20p share are shown as 15.31p (8.82p) and the dividend is stepped up to 5.7p (4.55p) net with a final payment of 2.69p. Also proposed is a one-for-two scrip issue.

Profits for the year benefited by exchange rates movements—favourable to the group for the first time since 1976—by some £2.6m, directors say.

As stated at the nine-months' stage, changes have occured in the status of certain African companies during 1981, which have distorted the comparison with previous year's turnover and expenses—turnover figure was £46.13m, against £33.91m.

Together with the favourable exchange rates, the group experienced the full benefit from the cost containment programme started at the beginning of 1980.

The directors say that bearing in mind the continuing adverse trading conditions within the insurance industry, and the expectation of further volatility in both exchange and interest rates, it would be imprudent to forecast the group's performance during the current year.

They add, however, that the group is in a good position to "address all of these problems and it would not be unreasonable to expect a satisfactory outturn for 1982."

Underwriting profits slipped from £3.27m to £2.92m, but the contribution from broking jumped to £12.26m (£5.85m).

● comment

Minet's cost-cutting had begun to bear fruit by the final quarter of 1980. It was therefore not to be imagined that the final quarter of 1981 would show the same turn of speed as the remarkable third quarter, when pre-tax profits almost quadrupled. In the end, a 20 per cent advance (aided by an additional £1m of exchange gains) was more than respectable; after all, the underlying annual growth of 15 per cent was more than Willis or Sedgwick could produce. Tightening up must be near its limits after two years, although Minet lopped off another 150 UK jobs in 1981. Leaving out the effects of status changes in Africa and currency items, expenses rose by only 9 per cent in the year, and despite cost pressures in the UK—where new computer systems are to be supported—the expense ratio is being held in check. North American brokerage will be flattered by further sterling weakness so far this year, but it is flat in dollar terms, while the fastest growth is coming from Africa and the Pacific Basin. Bearing in mind Minet's keener appetite for UK insurance (where rate-cutting is now rife) lower-margin business seems likely to be accumulating in the portfolio. Eventually, the associated costs must be expected to show through, as in the run-off after the Bowes closures (here featuring as an extraordinary items). Since the last figures in December the shares have been very strong; at 171p, up 2p, they now yield 4.8 per cent, a premium rating which cannot gain much support from the expected return to normal growth.

Clifton Investments to recapitalise by rights

Clifton Investments, the small investment trust whose shares were suspended in October 1980, has reported a loss of shareholders' funds for both 1980 and 1981. The directors have proposed to re-capitalise the group by way of a rights issue in order to ensure the existence of the company and to comply with arrangements reached with creditors.

For the year ended March, 1980, the group reported a loss of shareholders' funds of £293,530 and a £168,007 loss for the following year. In both cases, the debit was comprised of both capital and revenue losses. The whole of the company's assets, valued at £464,000 in March 1979, have been lost and there was a net deficiency of £52,118 as of November last year.

The proposed re-capitalisation will raise approximately £135,000 by an underwritten rights issue of 7.2m new "A" ordinary shares and 72,343 new 12.75 per cent redeemable convertible cumulative preference shares of £1. One rights unit, comprising 100 "A" ordinary shares and one preference share, will be offered for every 100 existing ordinary shares, for a total price of £2.00 per rights unit.

Irrevocable undertakings to take up the rights shave been received in respect of 4.38m existing ordinary shares or 60.5 per cent of the existing ordinary capital. The balance has been underwritten by Ireland Yard Investments.

If recapitalisation proposals are approved by shareholders, some £83,000 will be available to the company, which intends to carry on the business of a traditional investment trust. The amount to be raised is only considered to be adequate in the short term. Clifton's directors are "urgently" considering how to raise sufficient working capital once the reduction in capital has been confirmed and the accounts of the 15 month period ending June 1982 are available.

The company is considering the possibility of claiming against a former director in respect of moneys received which may have not been properly accounted for. While the total amount claimed may be substantial, the company does not anticipate an early recovery of the money and as a result, no provision has been made for such a recovery.

FLEMING INV.

Resolutions approving the changes of names and investment policies of four investment trusts managed by Robert Fleming Investment Management were passed yesterday.

The companies involved are: Capital and National Trust (new name Fleming Japanese); Guardian Investment Trust (Fleming Far Eastern); London and Holyrood Trust (Fleming Universal); and Sterling Trust (Fleming American).

MARTIN FORD (retailer of ladies' separates and outerwear)—Results for year to November 28, 1981, reported February 12. Shareholders' funds £3.62m (£3.58m); fixed assets £2.38m (£2.43m); net current assets £1.13m (£1.02m); working capital decreased £480,814 (£710,727). Meeting: Winchester House, EC, April 28, at noon.

THE TRING HALL USM INDEX

118.6 (+0.3)

close of business 13/4/82

BASE DATE 10/11/80 100

Tel: 01-638 1591

LADBROKE INDEX

Close 549 554 (−11)

هكذا من الأصل

BOC takes 26% in Mountain Medical

BOC, the industrial gases group, through its United States subsidiery, Airco, has bought 685,000 shares of Mountain Medicat Equipment, equal to 26 per cent nf the company's common stock.

Aireo told the Securities and Exehange Commission that the lotal includes 572,000 shares acquired on Mareb 31 for $5.3m. The company says it wants to buy up to anolher 10 per cent of Mountain Medical.

Airco said it purchased the shares because it found them to be an ettractive investment. It had bougbt 300,000 shares from Mountain Medical and 272,500 sbares from six institutions.

COMPUGRAPHICS

Institutional investors have acquired an interest in 80 per cent of Compugraphics International from Furness Withy. The acquisition was effected through a new holding company, Caledonian Applied Technology, whieh now owns all of Compugraphics.

The Institutions which subscribed for the sbares in Caledonian are Clydesdale Bank Industrial Finance; East of Scotland Industrial Investments, First Charlotte Assets Trust, Grosvenor Development Capital, The Independent Investment Company, Murray Technology, the National Coal Board Pension Funds, Provident Mutual Life Assurance Association and The Scottish American Investment Company.

Members of the senior management of Compugraphics were also given the opportunity to subscribe for up to a maximum of 14.5 per cent of Caledonian.

Charterhouse in £17.9m takeover of Coloroll

BY RAY MAUGHAN

Charterhouse Group has put together a consortium of major institutional investors to buy for £17.88m a 90 per cent stake in Colnroll, a leading wallcovering and household textiles manufacturer.

Payment is based on the assumption that Coloroll will make its forecast profits of £3.7m before ta xin the year to March 31 last. The vendors are the members of the Gatward family, many of whom are resident abroad.

Chartehouse is to take e 53.3 per cent steke for which it has issued 13.3m shares, representing 8.8 per cent of its enlarged capital, which was placed yesterday by brokers Grieveson Grant to ralse £9.5m. Th eother major shareholders are Finance for Industry which is taking a 23.1 per cent interest, British Rail Pension Fund with 11.2 per ceol, National Coal Board Pension Funds, 7.4 per cent, and Charterhouse Development Capital—which la to control 5 per cent. Net worth is £11m.

The acquisition was described by Mr Roger Elmhirst, deputy managing director of Charlerhouse Investment Capital and no wthe chairman of Coloroll, as "one of the best meoaged companies in the UK."

Coloroll's profits bave grown from £500,000 in the year to March 1978 to £3m in 1980 before sliping to £2.5m in the subsequent year in the face of what was described as "rampant trade de-stocking" in the first half of the financial period.

Sales beve grown from £6.6m to the projacled level of £27m in the past five years. Its share of the wallcovering market has expanded from 3 per cent in 1977 to between 20-25 per cent last year and the group now claima number two position in the household textile sector, having entered the market for the first time in 1978.

Mnch of the senior operational management, headed by deputy chairma nand chief executive Mr John Ashcroft, was brought in from the wallcovering division of Reed International which has been undergoing rationalisation in this sector.

Mr Ashcroft claimed that the group bad been able to flourish, and come to dominata, an industry which had been in decline because it hed pursued a beevy capital Investment programme, eosting about £6m over the past four years, and a strong commitmenl to design and development absorbing a further £1m or so each yeer.

The result, he said, waa one of the lowest production costs in Europe, certainly the lowest in Britain. Coloroll employs 530 people in two plants io Nelson, Lancashire, and in a disribution depot in Burnley. It says that its spending requirements have so far been met from internally generated funds, a policy which will probably be continued except io the case of acquisitions. Mr Ashcroft said thel the group had "a number of takeover possibilities in miod" io the search for "other products going through the DIY distributioo circuit."

An offer for sele, be said, hed been one of the options npen to Coloroll — and it remains a medinm term target — which had been rejected so fer because of the personal capital requirements of the Gatward family and their wisb to spread their personal investmeot portfolios. A menegement buy-out had also been under consideratinn but this, too, had been rejected because of the "high financing reqnirement, high risks, high vnlatility and higb interest rates."

The Gatward family is to retain e 6 per cent interest and the management is to bold the aggregate 4 per cent stake wbich it had acquired in the placing by Robert Fleming of 10 per cent of the company last year.

Mr Asbcroft said lhat "we have lried to create tha perfect management unit." As for Charterhouse, the cbairman of the corporate lovestment division, Mr Michael Morley, described the deal as "the most significant example in date of our philosophy of backing management."

Doreen Hdgs. disposal to management

Doreen Holdings of Ireland has sold its Joan Barria and Roses Fashion Group lo two members of the presenl management. Mr Frank Sterling, the managing director, and Mr Charles Conway, the sales director, bave acquired 100 per cent nf the equity in the Manchester-based group, wbieb has a ehain of 38 shops.

No price was disclosed for the purchase, wbich was edvised by Charterhouse Japhet and feciliteted by finaneing from Barclays Bank.

The group has announced plana to reorganise over the next six months concentrating upon the bridal and general fashion areas of retailing.

CAYZER STEEL BOWATER PURCHASE

Cayzer Steel Boweler Holdings, which incorporates the insurance broking interests of Bowater Corporatinn, British and Commonwaalth Shipping Co., and Steel Brothers Holdings, hes purchased from Cnnsolldated Gold Fields the entire share capital of Lloyd's brokers, Tennant Budd.

With 120 employees and a 1980/81 brokerage income nf £1.33m, Tennant Budd operations are not central to Gold Fields' mainstream activities. Cayzer Steel Bowater Companies' 1981 brokerage was In excess of £5m.

GT. NORTHERN

Laing and Cruikshank, as brokers to Great Northern Investment Trust, nn April 8 bought 30,000 RIT ordinary at 369p for Great Northero.

CCP says yes to Tricentrol

Tricentrol, the independent North Sea oil company, has posted its formal offer document for its proposed acquisition of CCP North Sea Assoelates, the Loodon-based oil exploration company quoted on the Unlisted Securities Market.

Tricentrol, advised by N. M. Rolhschild, is offering 7 new shares and 700p cash for every 10 CCP sheres.

Tricentrol's shares elosed down 2p at 198p per share, valuing its offer at 208p per CCP share and £16.3m for the whole of CCP's capital.

CCP, advised by Morgan Grenfell, is recommending the offer to its shareholders having withdrawn support for an earlier bid from Charterhouse Petroleum. CCP's shares closed 3p down al 197p.

The Charterhouse bid, offering 50p eash and two shares for every CCP share, valued CCP shares at 200p last night.

The document shows Tricentrol's indebtedness at March 22 as £37.4m, an increase of £5.5m over the year-end level of December 31.

Two purchases by ERIC

Electra Risk Capital ("ERIC") has made two further investments under its approved fund based on the Government's Business Start-Up Scheme. Both investments, amounting to £475,000, were completed before the eod of the 1981-82 finaneial year.

An iovestment of £350,000 was made in Strontian Minerals, a company established to develop a barytes mining and processing facility in Westero Scotland. Barytes is a mineral used in North Sea oil exploration and production industries. ERIC's partners in this investment are Minworth and NCB Pension Fund.

In addition, £125,000 was invested in Protel Computer Systems, a oew business started by Mr Michael Toomis to provide operational support systems for TV and radio broadcasting companies.

ERIC has iovested about £1m in six companies in the last financial year. Wheo the offer for master shares of £2,500 each in ERIC closed in November, 1981, 1,826 applications had been acepted for 3,435 master shares, representing a total fund of £8.68m.

FOSECO MINSEP

Foseco Minsep, the specielist chemicels and building products group, has acquired Botan, a boiler treatment chemicals manufacturer, for £285,000. Botan's turnover was £750,000 in the year to December 31 1981 and pre-tax profits were £75,000.

BSC Fund gains 48.8% of Federated

British Steel Corporation Pension Fund Trustee confirmed yesterday that it conlrols shares or rigbls over shares amounting to 48.8 per cent of Federaled Land.

The £19m offer, unveiled by the fuld 10 days ago, bas already received irrovocable ecceptances from the Federated Lend board, family and trusts, in respect of 23.1 per cent of the equity.

M. P. Kent, which hed previously offered elmost £17m for Federated has sold its 14.7 per cent stake to the fund at 177.585p per share (including 2.585p in place of the right to receive the final dividend). The fund has also acquired the 10.07 per cent interest held by various trusts in M & G Investment Managemeot at 175p per share.

SKETCHLEY/MEANS

SKETCHLEY has again extended its $33 per share offer for Means Inc. and will keep its terms open as long as required.

Meanwhile, ARA Services, which has topped Sketchley's offer for Means by $4 per share has agreed, at the request of the Anti-Trust Division of the U.S. Justice Deparment, not to purchase shares tendered pursuant to its offer until April 19.

LOW & BONAR

Low and Bonar is selling its near-11 per cent shareholding in Electrical Equipment, Sydney, Australia, for A$2.3m cash. The proceeds will be used to reduce local borrowings in Australia. Completion will be by the end of May.

SHARE STAKES

Braby Leslie—CHI Securities, subsidiary of Anglo Nordic Holdings, acquired on April 6 25,000 ordinary shares making holding 2,683,640 (26.57 per cent).

Consultants (Computer and Financial)—On April 8 D. T. A. Simon, chairman and managing director, acting on the advice of his accountants and for tax reasons, sold 50,000 ordinary shares to institutional investors at 113.5p.

Second City Properties—Control Securities has sold 50,000 ordinary and Labofund A. G. 200,000 ordinary. Labofund is now deemed to be interested in 4,221,406 ordinary (17.93 per cent).

British Printing and Communication Corpn.—Pergamon Press has increased its holding to 91,865,214 shares (77.209 per cent).

Brooke Bond Group—D. M. S. Baxter, director, has sold 100,000 ordinary shares.

Wholesale Fittings—L. H. Rose, director, notifies that Jack Young settlement has disposed of 42,000 shares leaving holding as follows—beneficial 1,122,000 shares; non-beneficial, nil.

O.R.B.—John Mills sold 90,000 ordinary shares to reduce his holdings to 139,990 (4.96 per cent).

Plaxtons (GB)—Miss G. Plaxton sold 50,000 ordinary shares on March 4 and 50,000 on April 7 and now holds 267,494 (less than 5 per cent).

Davies and Metcalfe—Post Office Staff Superannuation Fund holds 280,000 shares (7.78 per cent).

Metal Bulletin—Following disposal of 220,000 ordinary at 114p, substantial holders in ordinary capital are Mr F. L. Rice-Oxley 647,950 beneficial and 628,590 non-beneficial. Mrs R. L. Price 411,810 beneficial, and Mrs D. M. Carre 410,780 beneficial.

Midland Marts Group—Throgmorton Trust is beneficial owner of 235,500 ordinary shares (7.28 per cent).

Low and Bonar—Sir Jack Stewart-Clark, director, acquired non-beneficial interest in 66,666 ordinary.

Stenhouse Holdings—Mr P. H. A. Stenhouse, director, sold 22,847 ordinary at 114p.

Rotork—Mr J. J. Fry, director, sold 50,000 ordinary.

Park Place Investments—Popesbead Nominees holds 375,000 ordinary (5.5 per cent).

Epicure Holdings—Mr L. Brealey, director, disposed of 100,000 ordinary at 29p.

Pentland Investment Trust Holdings—Courtaulds Pensions Common Investment Fund holds 1,810,000 ordinary shares (10.4 per cent).

Scot. Ontario Invest.—Courtaulds Pensions Common Investment Fund holds 2.25m ordinary (8.14 per cent).

Sterling Credit Group—Mr J. Rooke, director, disposed of his interest in 250,000 ordinary at 9p per share, and disposed of a further 250,000 ordinary at 9½p per share. Mr J. N. Oppenheim disposed of his interest in 4,727,051 ordinary at 8½p per share.

Empire Stores—Prudential Corporation hold 1,898,377 ordinary (5.82 per cent).

Hampton Gold Mining Areas—Drayton Consolidated Trust is beneficially interested in 825,000 shares (5.8 per cent), following the purchase of 375,000 shares.

Horizon Travel set for record

MR BRUCE TANNER, chairman of Horizon Travel, tells shareholders in his annual statement that the group will achieve record carryings this summer. He says that apart from increasing its share of the inclusive tour market, "we are now achieving solid success in two related industries, the airline and hotel business."

It is intended to expand the company's holiday marketing activities to some of the remaining areas of Britain not already covered.

As known, group pre-tax profits for the year to November 30 1981 were 80 per cent higher at £13.33m. Shareholders' funds improved from £7.86m to £19.8m. Fixed assets were £32.74m (£18.92m) and net current assets were £35.79m (£16.3m).

Mr Tanner says construction has commenced at Pueblo Indalo, a self-catering complex of 22 acres, about one mile from the Hotel Indalo. He says about 700 apartments would be built in all, and construction would be spread over a three to four-year period.

Since the end of the financial year, the company has purchased the 380-bedroom Lord Nelson Hotel el Santo Tomas in Menorca. Meeting, Birmingham, May 13.

Cutback in Solex losses

A SUBSTANTIAL reduction in its pre-tax losses is reported by Solex, carburetter manufacturer, for 1981. The losses are down from £1.61m to £450,000 on turnover down from £11.93m to £11.38m. The dividend is unchanged at 0.1p.

The loss came from operations, £475,000 (£1.54m) and an exceptional loss of £5,000 (£70,000). There was a tax credit of £5,000 (£1.32m), leaving a loss per 50p share of 8p (5p).

The exceptional debits comprised sale of investments, credit £172,000 (£760,000), sale of freehold properties nil (£97,000), additional depreciation on the Deptford, South London property nil (£430,000), redundancy programme £113,000 (£486,000), and re-organisation debit £64,000 (£11,000).

Loss from operations includes income from listed investments of £236,000 (£292,000), unlisted investments nil (£10,000) and interest receivable of £170,000 (£82,000).

The ultimate holding company of Solex is Matra SA (France).

ST. GEORGE'S GROUP

The recent rights issue by St George's Group to raise about £900,000 has been taken up in respect of 1.17m shares or 94.6 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Adwest, Ingall Industries, News International, United Ceramic Distributors.

Finals:—Air Call, Alva Investment Trust, Anchor Chemical, Aquascutum, Barrow Hepburn, Bifurcated Engineering, Black and Edgington, Blackwood Hodge, Bruntons (Musselburgh), Burmah Oil, Dewhirst (I J), Walter Duncan and Goodricke, Greenbank Industrial, Hambro Life Assurance, Helene of London, Hewden-Stuart Plant, J. B. Holdings, Lyle Shipping, Midland Industries, Oil and Gas Production, Pearl Assurance, Ransom [illegible], Tongaat Corporation, Wilson (Connolly).

FUTURE DATES

Interims:—
Low (William) .... April 20
Lowe Howard-Spink Brothers .... April 21
Smiths Industries .... April 21
Wade Potteries .... April 21

Finals:—
Bank of Ireland .... May 13
Biddle .... April 21
Combined English Stores .... April 21
Concord Rotaflex .... April 21
[illegible] .... April 20
Gonico .... April 22
Estate Duties Invest. Tst. .... April 20
Fogarty (E.) .... April 21
Hall (Matthew) .... May 5
Laporte Industries .... April 22
Neill (James) .... April 26
Newarthill .... April 27
North (M. F.) .... April 15
Richardsons, Westgarth .... April 28
Sparrow (G. W.) .... April 28
Trewe and Arnold .... April 26

LONDON TRADED OPTIONS

April 13, Total Contracts 725 Calls 598 Puts 127

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	260	34	—	42	1	46	—	290p
BP (c)	280	16	—	27	1	34	13	"
BP (c)	300	5	0	17	—	22	—	"
BP (c)	330	2	—	7	4	11	14	"
BP (p)	300	12	1	20	—	30	—	"
BP (p)	350	42	—	42	1	62	—	"
Cons. Gld (c)	360	40	—	50	2	67	—	380p
Cons. Gld (c)	390	12	2	27	5	45	—	"
Cons. Gld (c)	460	1½	—	8	1	12	—	"
Cons. Gld (p)	390	15	—	27	3	35	—	"
Ctlds. (c)	60	22	2	29	2	—	—	86p
Ctlds. (c)	80	7	6	12	4	15½	—	"
Ctlds. (c)	90	2	10	7½	—	11	—	"
GEC (c)	700	105	—	127	9	—	—	801p
GEC (c)	800	16	8	47	16	72	—	"
GEC (c)	850	4	70	20	2	40	—	"
GEC (p)	700	½	—	5	1	—	—	"
GEC (c)	800	14	22	30	4	44	5	"
Gr'd Met. (c)	180	29	1	34	—	39	—	207p
Gr'd Met. (c)	200	12	2	20	—	25	1	"
Gr'd Met. (c)	220	5	—	9	10	14	—	"
Gr'd Met. (p)	200	4	33	12	14	17	1	"
Gr'd Met. (p)	220	14	—	12	12	25	—	"
ICI (c)	300	20	1	34	2	44	—	316p
ICI (c)	330	5	12	16	90	26	—	"
ICI (c)	360	1	—	6	10	12	—	"
ICI (p)	300	4	9	10	4	14	—	"
ICI (p)	350	1P	32	24	2	22	—	"
		May		August		November		
Barclays (c)	420	27	10	50	—	60	—	443p
Barclays (c)	460	7	—	22	0	35	—	"
Imperial (c)	70	24½	20	27½	—	—	—	93p
Imperial (c)	80	14½	24	18	25	20½	—	"
Imperial (c)	90	2½	37	11½	78	13	—	"
Imperial (c)	100	2	50	7½	5	8	—	"
Imperial (p)	90	2½	10	3	—	0½	—	"
Lasmo (c)	300	45	2	60	—	72	—	339p
Lasmo (c)	330	25	12	44	2	57	—	"
Lasmo (c)	360	12	1	30	—	—	—	"
Lasmo (c)	390	7	—	20	1	—	—	"
Lasmo (c)	420	2	2	15	—	—	—	"
Lonrho (c)	70	5	12	2	1	11	—	71p
Lonrho (p)	70	3	—	4	1	4	—	"
Land Sec. (c)	300	1	—	12	—	12	5	278p
Land Sec. (c)	330	½	—	4	—	10	10	"
Mks & Sp. (c)	120	18	5	22	—	30	—	146p
Mks & Sp. (c)	160	2	—	2½	2	10	—	"
Shell (c)	330	54	1	42	3	54	—	380p
Shell (c)	390	12	1	25	4	34	—	"
Shell (c)	420	4	—	11	26	—	—	"
Shell (p)	320	2	1	10	—	12	—	"
Shell (p)	390	12	1	20	—	24	—	"
Shell (p)	420	34	—	36	1	—	—	"
P & O (c)	120	12	—	18	2	24	—	127p
P & O (c)	130	7	—	15	2	17	—	"
Racal (c)	360	20	2	28	—	50	—	375p
Racal (c)	390	7	1	20	—	20	—	"
Racal (p)	390	20	5	30	—	33	—	"
RTZ (c)	390	35	2	50	—	55	—	412p
RTZ (c)	420	17	4	30	1	42	—	"
RTZ (c)	390	5	5	15	—	22	—	"
RTZ (p)	420	20	7	28	—	42	—	"
RTZ (p)	460	50	1	52	—	60	—	"
Vaal Rfs. (c)	50	1½	10	2¾	—	5¾	2	$47½
Vaal Rfs. (p)	40	¾	—	2½	—	3½	20	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	—	—	2	22 B	20	60	$355.75
GOLD C	$325	12	35	—	—	—	—	"
GOLD C	$350	10	12 B	2	35.50 B	1	60	"
GOLD C	$375	69	10	5	22.50 B	—	—	"
GOLD C	$400	54	4.50	2	14 A	3	25	"
GOLD C	$425	10	2.50	—	—	—	—	"
GOLD C	$450	60	1	—	—	—	—	"
GOLD P	$300	7	3.70	—	—	—	—	"
GOLD P	$325	2	7.40	2	12	—	—	"
GOLD P	$350	5	16	19	20	22	31	"
GOLD P	$375	—	—	16	35	—	—	"
12¾ NL 81 87-91								
C	F.102	50	3.40	—	—	—	—	F.113.50
C	F.110	20	5.40	25	3.90 A	—	—	"
C	F.112.50	110	1.40	25	2	20	2.40	"
12 NL 81 86-88								
C	F.102.50	—	—	4	5.60	—	—	F.105.20
10¾ NL 80 86-95								
C	F.97.50	25	2.20	—	—	—	—	F.103.50
C	F.100	60	5.50	107	4.10	—	—	"
C	F.102.50	—	—	—	—	3	3.20 A	"
11½ NL 82 88-92								
C	F.102.50	300	2.20	37	5	—	—	F.104.50
C	F.105	—	—	512	1.70	5	1	"
P	F.102.50	—	—	—	—	—	—	"
		April		July		Oct.		
ABN C	F.280	—	—	—	—	—	—	F.282
AKZO C	F.22.50	2	7.20 B	—	—	—	—	F.30.50
AKZO C	F.25	39	3.40 B	—	—	—	—	"
AKZO C	F.27.50	40	2	6	2.90	—	—	"
AKZO C	F.30	—	—	22	1.80	2	2.30	"
AKZO C	F.32.50	—	—	22	1	18	1.50	"
AKZO P	F.30	—	—	114	1.70	—	—	"
AKZO P	F.32.50	—	—	25	3.70	—	—	"
AMRO C	F.50	20	0.40	15	1.80	11	2.10	F.50
HEIN C	F.50	6	2.80	—	—	—	—	F.53.70
HEIN C	F.55	24	1	15	2.50	55	2	"
HEIN C	F.60	—	—	—	—	25	3.50	"
HOOG C	F.17.50	32	0.20	—	—	—	—	F.17.40
KLM C	F.90	15	20.20	—	—	—	—	F.110
KLM C	F.100	55	10	21	16	—	—	"
KLM C	F.110	183	3	25	8.50	—	—	"
KLM C	F.120	20	0.20	25	2.40	—	—	"
KLM P	F.100	—	—	4	3	—	—	"
KLM P	F.110	91	2	26	3	—	—	"
NEOL C	F.120	19	7.50	2	10.50	—	—	F.127
NEOL C	F.130	49	1.50	58	3.80	—	—	"
NEOL C	F.140	—	—	4	2.80 B	—	—	"
NEOL P	F.120	—	—	2	7 B	—	—	"
NEOL P	F.130	41	3.20	—	—	—	—	"
PHIL C	F.20	367	4.80	—	—	—	—	F.24.90
PHIL C	F.22.50	325	3.40	12	2.90	286	3.20	"
PHIL C	F.25	158	0.80	225	1.20	217	1.70	"
PHIL P	F.22.50	—	—	16	0.70	—	—	"
PHIL P	F.25	20	0.40	—	—	—	—	"
RD C	F.80	175	11.10	12	11.20 B	12	11.50	F.91.10
RD C	F.90	214	1.60	241	3.80	61	4.60	"
RD C	F.100	—	—	195	1.20	—	—	"
RD P	F.70	—	—	2	0.20	—	—	"
RD P	F.80	—	—	5	1	1	1.60	"
RD P	F.90	22	0.60	35	5.60 A	—	—	"
RD P	F.100	—	—	10	15.50 A	—	—	"
UNIL P	F.150	22	0.40	15	3	—	—	F.153.20
UNIL P	F.160	12	5.20	1	4	—	—	"
		May		Aug.		Nov.		
BOE C	$15	10	4	—	—	—	—	$19¼
VW C	DM.150	—	—	10	4.60	—	—	DM.144.50

TOTAL VOLUME IN CONTRACTS: 6,030

A=Asked B=Bid C=Call P=Put

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Israel's large phosphate find

A LARGE new phosphate field, claimed to be one of the richest in the world, has been discovered in Israel's Negev desert near Beersheba, reports L. Daniel from Tel Aviv.

The Negev Phosphate Company is expected to embark shortly on opening up the field which is expected to have a production capacity roughly similar to that of the Zin field (some 2m to 2.5m tonnes a year) the largest currently worked by the company.

The size of the new field is put at 160m tonnes, thus virtually doubling Israel's known reserves.

It is also reported that Dead Sea Works has successfully run in the new installation which produces potash by the so-called "cold process."

This reduces not only the initial investment required but also fuel costs by eliminating the need for steam, thus cutting the cost of production by 15 per cent.

The first installation has an annual capacity of 450,000 tonnes and a second one of similar size is to be ready within two years.

Placer Development's financial pressures

BY KENNETH MARSTON, MINING EDITOR

ANOTHER LEADING mining company with strained cash resources is Canada's Placer Development. Last year's 45 per cent fall in earnings to C$48.9m (£22.6m) coincided with the company's build-up of large unsold stocks of molybdenum and its development programme of several new mines, reports John Soganich from Toronto.

These projects together with a continuing aggressive exploration programme are being financed by bank borrowings which rose to C$230.8m from C$160.1m last year.

Mr C. Allen Born, the company's president, says that the current recession has been more severe and of longer duration than had been expected.

However, he adds that there are some indications that a general economic recovery could start in the second half of this year and be followed by an improvement in demand for most metals in 1983.

Of other news from the Canadian mining industry, Cominco reports that "work is advancing" on a programme to assess the future development of its big Valley copper deposit in the Highland Valley district of British Columbia.

It warns, however, that the currently depressed price of copper is of concern when considering the venture. The 800m tonnes' ore deposit has an average grade of only 0.475 per cent copper together with recoverable values in molybdenum, gold and silver.

BC Coal (formerly Kaiser Resources) hopes that now it has secured a 23.3 per cent price increase for coal sales to Japanese steel mills, it may be able to obtain "a similar price pattern" for most of its other existing metallurgical coal sales contracts.

The price increase—to $38.95 per long ton—runs for 12 months during which 4.3m tons will be delivered. It covers the contract from its Balmer mine and the coal to be delivered from the new Greenhills mine starting in 1983. Both mines are in the Crows Nest Pass district of south-east British Columbia.

Pinched by low copper prices Sherritt Gordon Mines could well have laid off up to 700 of its mine and mill employees by the summer. About 340 lay-off notices have been so far handed out to employees at the Ruttan and Fox copper-zinc mines in northern Manitoba.

United Keno Hill Mines is again passing the quarterly dividend, usually paid in the second quarter of the year, because of continued high operating costs and low silver prices. The company last paid a quarterly dividend of 50 cents in March 1981.

Malaysian tin output for March

TIN concentrate output figures for March from the Far Eastern producers are highlighted by an output of 758 tonnes from Malaysia Mining Corporation and its subsidiaries which brings the latter's total for the first nine months of the current financial year to 6,330 tonnes compared with 4,710 tonnes in the same period of 1980-81.

Production at Ayer Hitam continued to decline last month but thanks to the high levels achieved at around the turn of the year the company's nine-month total is still ahead at 1,321 tonnes against 1,036 tonnes.

Similarly, Berjuntai is well placed with an 11-month total of 3,253 tonnes against 3,058 tonnes a year ago while Kamunting's output for the full year to March 31 comes out at 176 tonnes against 63 tonnes for 1980-81 when mining operations were halted for five months.

On the other hand, Tronoh's total for three months is down at 130 tonnes against 156 tonnes while Sungei Besi's production for the full year amounts to 818 tonnes against 1,368 tonnes in 1980-81.

	Mar tonnes	Feb tonnes	Jan tonnes
Aokam	t18	71	127
Ayer Hitam	t12	115	174
Berjuntai	280	264	278
Kamunting	17	16	16
MMC	758	687	691
Sungei Besi	92	84	79
Tongkah Harb.	53	47	49
Tronoh Mines	52	32	46

In the Gopeng group, Gopeng itself has raised its six-month total to 899¼ tonnes against 777¼ tonnes a year ago. Mambang Di-Awan reports a three-month total of 120 tonnes against only 29¼ tonnes while Tanjong's production for the same period is 31¾ tonnes against 38½ tonnes.

	Mar tonnes	Feb tonnes	Jan tonnes
Gopeng	165½	150	145¾
Mambang	43	35	47
Tanjong	9¾	7	13

Jackson oil search in south-east Asia

THE DALLAS-BASED oil and gas exploration and production company, Jackson Exploration, is to open a regional office in Jakarta, Indonesia, to evaluate exploration opportunities in south-east Asia.

Hitherto the company has confined its activities to the U.S.

In the 1981 annual report the chairman, Mr Melvin Jackson, says Jackson Exploration will apply the same exploration philosophy which has been so succesful in the U.S.

Jackson's exploration policy, which in 1981 resulted in a drilling success ratio of 65 per cent, includes the generation and development of prospects, awarding a share of oil and gas production to technical staff and the farming out of participations in Jackson prospects to other oil companies and investors.

According to Mr Jackson most of the costs of unsuccessful prospects are paid by others while if the prospect is successful Jackson retains a large working interest for little or no cost.

As previously reported Jackson earned 1981 pre-tax profits of US$3.16m (£1.75m), compared with $355,872 in 1980.

RESULTS AND ACCOUNTS IN BRIEF

ISLE OF MAN ENTERPRISES (self catering holidays)—Results for year to October 31, 1981, reported March 10. Shareholders' funds £631,681 (£599,658); fixed assets £1.31m (£1.29m); net current liabilities £169,398 (£162,767); decrease in liquid funds £3,623 (£139,390). Meeting: Isle of Man, April 26, noon.

ADNAMS AND COMPANY (brewer and wine and spirit merchant)—Results for 1981 already known. Fixed assets £1.7m (£1.36m). Current assets £1.76m (£1.67m), including cash and bank balances £43,889 (£401,701); current liabilities £1.07m (£1.01m). Group auditors, Ernst and Whinney, point out in their report that the 1981 accounts show that a surplus of £34,735 arising from the sale of freehold property was taken direct to reserves and was not shown in the p and l account as required by SSAP 6. Meeting: Southwold, April 26, noon.

BEATSON CLARK (glass bottle and jar manufacturer)—Results for year to January 2 1982 already known. Fixed assets £22.38m (£22.27m); net current assets £8.68m (£7.39m); shareholders' funds £30.52m (£29.39m); increase in working capital £914,000 (£600,000 decrease). Meeting: Sheffield, April 28 at 12.30 pm.

INTERNATIONAL INVESTMENT TRUST—Results for year to January 31 1982 reported March 6. The directors say they will concentrate investments in Pacific Basin and change name to Pacific Basin Investment Trust. Though income will fall if policy approved, they feel prospects for long term investment in Japan, Hong Kong, Singapore and Malaysia are encouraging. Investments £52.35m (£45.79m); current assets £2.41m (£2.93m); current liabilities £1.25m (£1.12m); decrease in uninvested funds £615,000 (£627,000 increase). Meeting: Mermaid House, April 28, 12.30 pm.

DERBY TRUST—Total value of portfolio for quarter ended March 31 1982 £18.83m (£26.6m December 31 1981). Attributable assets £15.08m or £5.87½p per capital share (£15.86m or £6.17½p at December 31 1981).

CANADIAN AND FOREIGN INVESTMENT TRUST—Results for year to March 31 1982. Gross revenue £839,000 (£781,000), total net assets attributable £12.94m (£13.07m) or 6.21p (6.26p) per ordinary 25p share. Net asset value before charges at par 193.6p (195.6p) and before charges at market value 197.4p (199.7p).

W. N. SHARPE HOLDINGS (manufacturer and publisher of greetings cards)—Results for 1981 reported March 5, 1982. Shareholders' funds £13.27m (£10.84m); fixed assets £3.71m (£3.26m); current assets £13.95m (£11.43m); net current assets £9.73m (£7.75m). Chairman expects group to continue to show resistance to the recession and maintain a good level of profitability. Meeting, Bradford, April 29, noon.

WATMOUGHS (HOLDINGS) (publisher, colour printer and process engraver)—Results for 1981 reported March 24 1982. Fixed assets £12.8m (£9.32m); bank overdraft (secured) £4.02m (£2.77m); net current liabilities £3.77m (£1.23m); shareholders' funds £9.38m (£8.34m). Decrease in working capital £2.55m (£338,294). Meeting, Horsforth, near Leeds, April 29, at noon.

SPAIN

April 13	Price %	+ or −
Banco Bilbao	350	
Banco Central	343	
Banco Exterior	305	
Banco Hispano	318	
Banco Ind. Cat.	110	
Banco Santander	343	
Banco Urquijo	205	
Banco Vizcaya	369	
Banco Zaragoza	246	
Dragados	155	−7
Espanola Zinc	63	
Fecsa	63	+0.5
Gal. Preciados	36	−2
Hidrola	64	
Iberduero	58	−1
Petroleos	92.5	+0.5
Petroliber	99	
Sogefisa	6	
Telefonica	69.5	+0.5
Union Elect.	63.7	

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
130	100	Ass. Brit. Ind. CULS	129	—	10.0	7.8	—	—
75	62	Airsprung	73	—	4.7	6.4	11.6	16.0
51	33	Armitage & Rhodes	44	—	4.3	9.8	3.7	8.3
205	187	Bardon Hill	199	—	9.7	4.9	8.7	11.8
107	100	CCL 11pc Conv. Pref.	106	—	15.7	14.8	—	—
104	61	Deborah Services	61	—	6.0	9.8	3.0	5.7
131	97	Frank Horsell	125	—	6.4	5.1	11.3	23.1
83	39	Frederick Parker	77	—	6.4	8.3	3.8	7.5
78	48	George Blair	54	—	—	—	—	—
102	88	Intl. Precision Castings	96	—	7.3	7.6	6.8	10.4
109	100	Isis Conv. Pref.	108	—	15.7	14.5	—	—
113	94	Jackson Group	97	—	7.0	7.2	3.1	6.9
130	106	James Burrough	115	—	8.7	7.6	8.4	10.8
334	242	Robert Jenkins	242	—	31.3	12.9	3.4	6.6
64	51	Scruttons "A"	63	—	5.3	8.4	9.7	9.0
222	159	Torday & Carlisle	159	—	10.7	6.7	5.1	8.5
15	10	Twinlock Ord.	13½	—	—	—	—	—
80	66	Twinlock 15pc ULS	80	—	15.0	18.8	—	—
44	25	Unilock Holdings	25	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	79	—	6.4	8.1	5.2	9.2
263	212	W. S. Yeates	230	—	14.5	6.3	6.0	12.0

Prices now available on Prestel page 48146.

Losses cut by Danks Gowerton

TAXABLE losses at Danks Gowerton, steel processor, were reduced substantially from £303,000 to £106,000 for the six months to end December 1981. There is little doubt, say the directors, that reorganisation has placed the group in a strong position to compete for what it believes will be an expanding demand for its products.

The interim dividend has been restored with a payment of 0.25p net—last year's final dividend was 0.5p.

The directors say the group continues to seek opportunities to use its resources more profitably. Warehousing is well established, the steel division has created an export business, and the group is actively seeking technical collaboration agreements where the know-how enhances its own.

Financially the directors say the group is strong and continues to hold its option to draw from its Department of Industry ECSC loan facility.

Sales for the period fell by £1.89m to £4.84m. There was a charge for taxation of £8,000 (nil). Extraordinary debits this time took £340,000. Stated losses per 25p share were lower at 1.5p (4.005p).

Dufay in the red after £0.8m exceptional item

PROFITS BEFORE tax and exceptional items of Dufay Bitumastic picked up from £40,000 to £549,000 in 1981, on sales some 13 per cent higher at £12.08m, against £10.72m.

However, after charging this time an exceptional item of £775,000, the company, which is engaged in the manufacture and application of surface coatings, made a pre-tax loss of £226,000 (£40,000 profit). At half-time, taxable profits were ahead from £78,000 to £151,000.

Trading profits climbed from £555,000 to £929,000, before marginally higher depreciation of £242,000 (£235,000) and lower interest paid of £138,000 (£280,000).

Current year trading is in a healthy state with profitability well ahead of the corresponding period of last year, the directors report.

Stated loss per 10p share for the year was 2.7p (4.1p earnings) or 1.8p fully diluted. The 1981 dividend is however, unchanged at 2p net with a final payment of 1.5p.

Tax charge for the period was £91,000, against a credit of £420,000 previously. Extraordinary debits increased from £17,000 to £43,000, while dividends absorb £237,000 (£223,000).

The 1980 accounts, under contingent liabilities, referred to two items of litigation which have now been settled. The settlement of a claim which was first reported in the 1978 accounts resulted in the subsidiary concerned receiving the full amount of its claim and in the counterclaim being withdrawn.

The large exceptional item appearing in the accounts is in respect of the settlement of proceedings commenced against the same subsidiary company in June 1979. On legal advice based on the opinion of two independent technical consultants the claim was defended, but in March 1982, the directors were advised by leading counsel to accept a compromise settlement.

In accordance with SSAP 17 the aggregate of the settlement and costs has been treated as a post balance sheet event and taken into the 1981 profit and loss account.

In current cost terms, loss before tax was £887,000 (£615,000).

● comment

Dufay Bitumastic's 67 per cent rise in trading profits to £929,000 is much more significant than the slide into the red at the pre-tax level. Problems with a contract carried out in 1975 by the Wailes Dove division eventually resulted in Dufay paying out £175,000 to P & O and Swan Hunter this March. Ironically Wailes Dove staged the best performance last year, moving from losses into a trading profit of £400,000 and is currently trading even more profitably. Reduction of stocks of pipeline enamel was chiefly responsible for the attainment of a net cash position. Dufay is now looking for an acquisition (of around £250,000) to establish a manufacturing base in Greece to back up the Dufay Hellas retailing arm. Since the back end of 1980, Dufay's workforce has been cut by about 20 per cent to 490, involving the closure of the Northfleet paint factory. In May £1½m of new powder coating plant should come on stream, and Dufay is one company which should benefit from the sending of the naval task force. Camrox holds 29.64 per cent of the equity, but there have been no discussions about the possibility of a merger or take over. The share price was unchanged yesterday at 40p.

Armitage Brothers improves

A SMALL increase in pre-tax profits has been shown at Armitage Brothers, maker of pet products, rising from £436,000 to £453,000 for 1981. Turnover improved from £9.45m to £10.45m.

The dividend has been lifted by 2.5p to 27p for the year. Earnings per £1 share are shown as rising from 88p to 97p.

Interest charges fell sharply from £143,000 to £71,000. The charge for taxation was lower at £66,000 (£82,000).

After extraordinary debits this time of £116,000, and dividends of £106,000 (£98,000) retained earnings emerged down at £163,000, compared with £246,000.

Harvey and Thompson misses interim

Pawnbroker Harvey and Thompson incurred losses in the first half to January 2, 1981 and at the trading level the deficit was £55,000 compared with a surplus of £110,000. Additionally there was interest payable of £47,000 (£46,000) and profits on the sale of property of £138,000 (nil).

The interim dividend is being missed—last time 0.7p net per 20p share was paid together with a final of the same amount. Losses per share for the six months are given at 3.21p (3.12p earnings).

The directors point out that the figures are not comparable with those of 1980 because of the company's change in emphasis from retail jewellery to pawnbroking.

With continuing depression in retail trading, they say the closure of loss making departments continues and the problem of overheads and expenses at all levels, is being energetically tackled.

Shares in the company are traded on the USM.

Little change at Triplevest

Net revenue of Triplevest, investment trust, was little changed at £1.72m against £1.7m for the year to February 28, 1982. Tax was higher at £1.01m compared with £960,813.

The final dividend per 50p income share is raised from 3.156p to 3.374p for an improved total of 7.176p (7.097p). Dividends absorb £1.72m (£1.7m). Total assets less current liabilities at February 28 were valued at £42.87m, and net asset value per £1 capital share was 472.575p.

Peters Stores back in profit

COMPARED WITH a second-half loss of £424,000 pre-tax, Peters Stores, leisure wear retailer, returned to profits in the six month ended December 26 1981, although they were much lower at £16,000, against £166,000 in the same period of 1980.

The programme of disposing of loss-making shops is nearing completion, as are redundancies, and directors say the next 12 months should see a return to previous levels of profitability.

They add that the company will be showing a profit for the full 1981-82 year, the size of which depending on the level of retail sales during the final quarter—sales for the 26 weeks totalled £5.94m (£5.58m).

As with last year's final dividend, directors are passing the interim payment (1.5p), but if the company's progress back to profitability continues, a final distribution will be declared.

Retailing continued to be difficult, but directors say they are well advanced with reorganisation in this sector. Investment properties are producing an increasing rental income as newly-completed developments come on stream: annualised rents of some £500,000 are anticipated for the 1982-83 year.

Also above the line, interest charges took £160,000, compared with £101,000. Tax was £13,000 (£69,000) and after dividends last time of £48,000, the amount retained was down from £49,000 to £3,000.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a) [illegible]

Allen Harvey & Ross Unit Tst. Mngrs. [illegible]

Allied Hambro Ltd. (a) (g) [illegible]

Anderson Unit Trust Managers Ltd. [illegible]

Ansbacher Unit Mgmt. Co. Ltd. [illegible]

Anthony Wieler Unit Tst. Mgmt. Ltd. [illegible]

Arbuthnot Securities Ltd. (a)(c) [illegible]

Archway Unit Tst. Mgs. Ltd.(a)(c) [illegible]

Arkwright Management [illegible]

Barclays Unicorn Ltd.(a)(c)(g) [illegible]

Baring Brothers & Co. Ltd. [illegible]

Bishopsgate Progressive Mgmt. Co. [illegible]

Bridge Fund Managers (a)(c) [illegible]

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g) [illegible]

Brown Shipley & Co. Ltd. (a)(g) [illegible]

Buckmaster Management Co. Ltd. [illegible]

Canada Life Unit Trust Mngrs. Ltd. [illegible]

Capel (James) Mngt. Ltd. [illegible]

Carr, Sebag Unit Trust Managers(a) [illegible]

Clerical Medical Unit Trust Fund [illegible]

Charities Official Invest. Fund [illegible]

Chieftain Trust Managers Ltd. (a) (g) [illegible]

Charterhouse Fund Managers(a) [illegible]

Confederation Funds Mgt. Ltd. (a) [illegible]

Craigmount Unit Tst. Mgrs. Ltd. [illegible]

Crescent Unit Tst. Mgrs. Ltd. (a)(g) [illegible]

Dartington Unit Trust Mngt. Ltd. [illegible]

Discretionary Unit Fund Managers [illegible]

Dunbar Unit Trust Managers Ltd. (a) [illegible]

E. F. Winchester Fund Mngt. Ltd. [illegible]

Equity & Law Un. Tr. M. (a) (b) (c) [illegible]

Fidelity International Management Ltd. [illegible]

James Finlay Unit Trust Mngt. Ltd. [illegible]

Framlington Unit Mgt. Ltd. (a) [illegible]

Robert Fraser Trust Mgt. Ltd. [illegible]

Friends Prov. Trust Managers (a)(b)(c) [illegible]

Funds in Court [illegible]

G.T. Unit Managers Ltd. [illegible]

G. & A. Trust (a) (g) [illegible]

Gartmore Fund Managers (a)(g) [illegible]

Govett (John) [illegible]

Grieveson Management Co. Ltd. [illegible]

Guardian Royal Ex. Unit Mgrs. Ltd. [illegible]

Henderson Administration (a) (b) (c) [illegible]

Hexagon Services Ltd. [illegible]

Hill Samuel Unit Tst. Mgrs.† (a) [illegible]

HK Unit Trust Managers Ltd. (a) [illegible]

Investment Bank of Ireland (a) [illegible]

Investment Intelligence Ltd. (a)(c) [illegible]

Key Fund Managers Ltd. (a)(g) [illegible]

Kleinwort Benson Unit Managers [illegible]

L & C Unit Trust Management Ltd. [illegible]

Legal & General (Unit Tst. Mngrs.) Ltd. [illegible]

Leonine Administration Ltd. [illegible]

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a) [illegible]

Lloyd's Life Unit Tst. Mngrs. Ltd. [illegible]

Local Authorities' Mutual Invest. Tst.* [illegible]

M & G Group (y)(c)(z) [illegible]

MagLife Management Ltd. [illegible]

Mayflower Management Co. Ltd. [illegible]

McAnally Fund Management Ltd. [illegible]

Mercury Fund Managers Ltd. [illegible]

Midland Bank Group Unit Trust Managers Ltd. [illegible]

Minster Fund Managers Ltd. [illegible]

MLA Unit Trust Mngmnt. Ltd. [illegible]

Murray Johnstone U.T. Mgmt. (a) [illegible]

Mutual Unit Trust Managers (a)(g) [illegible]

National Provident Inv. Mngrs. Ltd. [illegible]

National Westminster (a) [illegible]

NEL Trust Managers Ltd. (a) (g) [illegible]

Northgate Unit Trust Managers Ltd. (c)(y) [illegible]

Norwich Union Insurance Group (b) [illegible]

Pearl Trust Managers Ltd. (a)(g)(z) [illegible]

Pelican Units Admin. Ltd. (g)(x) [illegible]

Perpetual Unit Trust Mngmt. (a) [illegible]

Practical Invest. Co. Ltd. (y)(c) [illegible]

Provincial Life Inv. Co. Ltd. [illegible]

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c) [illegible]

Quilter Management Co. Ltd. [illegible]

Reliance Unit Mgrs. Ltd. [illegible]

Ridgefield Management Ltd. [illegible]

Rothschild Asset Management (a) (g) (z) [illegible]

Rowan Unit Trust Mngt. (a) [illegible]

Royal Life Fd. Mgmt. Ltd. [illegible]

Royal Tst. Can. Fd. Mgrs. Ltd. [illegible]

Save & Prosper Group [illegible]

Schroder Unit Trust Managers Ltd. [illegible]

Scottish Amicable Inv. Mngrs. Ltd. [illegible]

Scottish Equitable Fund Mgrs. Ltd. [illegible]

Scottish Widows' Fund Management [illegible]

SIMCO Money Funds [illegible]

Stewart Unit Tst. Managers Ltd. (a)(c) [illegible]

Sun Alliance Fund Management Ltd. [illegible]

Target Tst. Mngrs. Ltd. (a) (g) [illegible]

Trades Union Unit Trust Managers [illegible]

Transatlantic and Gen. Secs. Co. (y) [illegible]

TSB Unit Trusts (b) (c) (y) [illegible]

Tyndall Managers Ltd.(a)(b)(c) [illegible]

Ulster Bank (a) [illegible]

Unit Trust Account & Mgmt. Ltd. [illegible]

NOTES [illegible]

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound steady

Sterling was steady throughout the day against major currencies in general, and market sources doubted whether the Bank of England had to intervene during a very quiet day. A firmer trend in Eurosterling interest rates, coupled with a decline in Eurodollar rates, was the major factor behind the pound's improvement against the dollar, but the market was generally subdued and nervous, awaiting any further developments in the Falkland Islands crisis.

Dollar retreated against the major European currencies and the yen, in reaction to interest rate trends.

European Monetary System members showed little change, but the general trend was for a slight improvement of the weaker currencies against those at the top, the D-mark and Dutch guilder.

STERLING — Trade-weighted index (Bank of England) unchanged all day at 90.0, compared with 88.2 six months ago. Three month interbank 13¾ per cent (15⅜ per cent six months ago). Annual inflation rate 11 per cent (12 per cent previous month)—The pound opened at $1.7590-1.7600, and touched a peak of $1.7645-1.7655 in the afternoon, before closing at $1.7640-1.7650, a rise of 65 points from Thursday. Sterling rose to FFr 11.0825 from FFr 11.0725 against the French franc, and was unchanged at DM 4.26 against the D-mark, but fell to SwFr 3.46 from SwFr 3.50 in terms of the Swiss franc, and to Y435 from Y437 against the yen.

DOLLAR — Trade-weighted index 116.2 against 116.7 last Thursday, and 107.1 six months ago. Three-month Treasury bills 12.66 per cent (13.34 per cent six months ago). Annual inflation 7.7 per cent (8.4 per cent previous month)—The dollar fell to DM 2.4120 from DM 2.4225; to FFr 6.2825 from FFr 6.30; to SwFr 1.96 from SwFr 1.99; and to Y246.50 from Y248.60.

D-MARK — EMS member (strongest). Trade-weighted index was unchanged at 123.1, against 124.0 six months ago. Three-month inter-bank 9.325 per cent (11.50 per cent six months ago). Annual inflation 5.2 per cent (5.8 per cent previous month)—The D-Mark weakened against most members of the EMS at the Frankfurt fixing, improving against only the Dutch guilder. The Swiss franc fell to DM 1.2220 from DM 1.2227, but sterling rose slightly to DM 4.2590 from DM 4.2500. The Bundesbank did not intervene when the dollar was fixed at DM 2.4173, compared with DM 2.4195 on the previous fixing last Thursday. Trading was light, with the U.S. currency easing on the lower trend in Eurodollar interest rates.

EUROSTERLING interest rates rose yesterday, leading to a weakening of the pound in forward trading as spot sterling improved against the dollar. Eurodollar rates also showed an easier trend, but most other Eurocurrency rates were little changed. The recent decline in the rates supporting the weaker members of the EMS continued, with both Eurolira and Euro-Belgian franc rates retreating from the very high levels touched in the last few weeks. Forward discounts against both currencies remained very wide, but were steady. French franc forward rates also recorded little change. Forward premiums against the D-mark and Swiss franc fell slightly as Eurodollar rates weakened.

THE POUND SPOT AND FORWARD

April 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7590-1.7655	1.7640-1.7650	0.28-0.38c dis	−2.24	0.73-0.83dis	−1.77
Canada	2.1575-2.1685	2.1580-2.1590	0.45-0.55c dis	−2.78	1.30-1.40dis	−2.50
Nethlnd.	4.68½-4.73½	4.72-4.73	2½-1⅞c pm	5.40	6½-6 pm	5.29
Belgium	80.05-80.50	80.35-80.45	20-35c dis	−4.10	75-55 dis	−4.23
Denmark	14.45-14.50	14.45½-14.46½	5⅞-6⅞ore dis	−5.29	13½-15½ dis	−4.01
Ireland	1.2245-1.2316	1.2295-1.2305	0.67-0.80p dis	−7.17	1.86-1.99dis	−6.26
W. Ger.	4.24-4.27	4.25½-4.26½	1¾-1¼pf pm	4.22	5-4½ pm	4.46
Portugal	127.00-128.00	127.25-127.75	140-330c dis	−22.12	355-895dis	−19.61
Spain	187.50-188.40	188.15-188.35	65-90c dis	−4.94	240-285dis	−5.58
Italy	2331-2344	2341-2343	21-25lire dis	−11.78	63-68 dis	−11.19
Norway	10.74-10.78	10.75-10.76	7¼-8¼ore dis	−8.79	9½-10½ dis	−3.74
France	11.04-11.09	11.07¾-11.08¾	10-13c dis	−12.45	26-29 dis	−9.82
Sweden	10.45-10.50	10.48½-10.49½	½ore pm-par	0.50	3½-2½ pm	1.07
Japan	432-438	434½-435½	2.50-2.20y pm	6.48	7.25-7.05pm	6.62
Austria	29.80-29.95	29.90-29.95	14½-11gro pm	5.11	38½-30 pm	4.44
Switz.	3.45-3.50	3.45½-3.46½	2⅝-2⅛c pm	8.10	7⅜-6⅞ pm	8.24

Belgian rate is for convertible francs. Financial franc 89.25-89.35
Six-month forward dollar 1.37-1.47c dis. 12-month 2.40-2.60c dis.

THE DOLLAR SPOT AND FORWARD

April 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7590-1.7655	1.7640-1.7650	0.28-0.38c dis	−2.24	0.73-0.83dis	−1.77
Ireland†	1.4325-1.4370	1.4325-1.4340	0.64-0.54c pm	4.94	1.65-1.55 pm	4.46
Canada	1.2245-1.2295	1.2245-1.2250	0.06-0.10c dis	−0.78	0.25-0.30dis	−0.90
Nethlnd.	2.6755-2.6810	2.6760-2.6790	1.74-1.64c pm	7.57	4.73-4.63 pm	6.99
Belgium	45.54-45.60	45.58-45.58	6-12c dis	−2.24	22-31 dis	−2.32
Denmark	8.2025-8.2200	8.2120-8.2180	2.40-2.90ore dis	−3.87	5.40-6.10dis	−2.50
W. Ger.	2.4100-2.4185	2.4115-2.4125	1.30-1.25pf pm	6.34	3.73-3.68 pm	6.14
Portugal	71.50-72.70	72.20-72.50	70-170c dis	−18.50	175-475dis	−17.97
Spain	106.60-106.90	106.70-106.75	22-32c dis	−3.04	70-90 dis	−3.00
Italy	1326½-1329	1326¾-1327¾	10-13lire dis	−10.39	30-34 dis	−9.63
Norway	6.0970-6.1160	6.0970-6.1030	3.30-3.90ore dis	−7.08	1.40-2.40dis	−1.24
France	6.2750-6.2950	6.2800-6.2850	4½-4½c dis	−10.02	13½-14½ dis	−8.91
Sweden	5.9430-5.9500	5.9430-5.9430	1.40-1.10ore pm	2.52	4.20-4.00 pm	2.79
Japan	246.40-247.10	246.45-246.55	1.85-1.77y pm	8.81	5.18-5.03 pm	8.32
Austria	16.95-16.97	16.95-16.96	10.80-8.60gro pm	7.22	27.50-24.50pm	6.13
Switz.	1.9570-1.9810	1.9595-1.9605	1.91-1.81c pm	11.39	5.05-4.95 pm	10.20

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.0	−33.3
U.S. dollar	116.2	+8.2
Canadian dollar	88.5	−18.0
Austrian schilling	116.7	+25.5
Belgian franc	94.8	−1.8
Danish kroner	83.1	−15.8
Deutsche mark	123.1	+46.9
Swiss franc	150.5	+103.2
Guilder	114.0	+21.0
French franc	78.7	−15.2
Lira	54.1	−58.3
Yen	134.6	+28.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

April 8	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	—	0.563175
U.S. $	12	1.10907	0.988935
Canadian $	15.40	—	1.21016
Austria Sch.	6½	—	15.7971
Belgian F	14	—	45.1995
Danish Kr.	11	—	8.16566
D mark	7½	—	2.39275
Guilder	8	—	2.65114
French Fr.	9½	—	6.23523
Lira	19	1474.79	1315.28
Yen	5½	275.271	245.256
Norwgn. Kr.	9	—	6.04981
Spanish Pts.	8	—	105.915
Swedish Kr.	10	—	5.99961
Swiss Fr.	5½	—	1.95611
Greek Dr'ch.	20½	—	65.0001

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.1942	+1.11	+1.11	±1.5440
Danish Krone	8.18382	8.14367	−0.49	−0.49	±1.6428
German D-Mark	2.41815	2.39373	−1.01	−1.01	±1.1097
French Franc	6.19564	6.23192	+0.58	+0.59	±1.3743
Dutch Guilder	2.67296	2.65425	−0.70	+0.70	±1.5069
Irish Punt	0.686799	0.691054	+0.62	+0.62	±1.6689
Italian Lira	1305.13	1316.47	+0.87	+0.87	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for April 13 .... 0.562609

OTHER CURRENCIES

April 13	£	$		£ Note Rates
Argentina Peso	20,567-20,587†	11,650-11,700†	Austria	29.70-30.00
Australia Dollar	1.6815-1.6855	0.9535-0.9540	Belgium	88.60-89.60
Brazil Cruzeiro	264.30-265.30	149.87-150.63	Denmark	14.43-14.57
Finland Markka	8.166-8.178	4.6320-4.6340	France	11.05-11.15
Greek Drachma	108.979-112.515	63.50-65.70	Germany	4.23½-4.27½
Hong Kong Dollar	10.26-10.27½	5.8216-5.8265	Italy	2310-2305
Iran Rial	145.40*	82.80*	Japan	435-440
Kuwait Dinar (KD)	0.503-0.509	0.2873-0.2875	Netherlands	4.69½-4.75½
Luxembourg Fr.	80.35-80.45	45.56-45.58	Norway	10.72-10.82
Malaysia Dollar	4.1375-4.1475	2.3475-2.3500	Portugal	125½-133
New Zealand Dlr.	2.3095-2.3136	1.3090-1.5110	Spain	181½-193½
Saudi Arab. Riyal	6.00-6.06	3.4615-3.4535	Sweden	10.44-10.54
Singapore Dollar	3.7785-3.7825	2.1415-2.1455	Switzerland	3.47½-3.51½
Sth. African Rand	1.8640-1.8660	1.0565-1.0575	United States	1.75¼-1.77¼
U.A.E. Dirham	6.43-6.49	3.6715-3.6736	Yugoslavia	92-89

† Now one rate. * Selling rate.

EXCHANGE CROSS RATES

April 13	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.765	4.260	435.0	11.055	5.460	4.725	2342.	2.159	80.40
U.S. Dollar	0.567	1.	2.414	246.5	6.281	1.961	2.678	1327.	1.235	45.57
Deutschemark	0.235	0.414	1.	102.1	2.602	0.812	1.108	549.8	0.509	18.87
Japanese Yen 1,000	2.299	4.056	9.783	1000.	25.48	7.954	10.86	5384.	4.962	184.8
French Franc 10	0.903	1.592	3.844	392.5	10.	3.122	4.263	2113.	1.948	72.55
Swiss Franc	0.289	0.510	1.231	125.7	3.203	1.	1.366	676.9	0.624	23.24
Dutch Guilder	0.212	0.373	0.902	92.06	2.346	0.732	1.	495.7	0.457	17.02
Italian Lira 1,000	0.427	0.753	1.818	185.7	4.768	1.477	2.018	1000.	0.922	34.33
Canadian Dollar	0.463	0.817	1.974	201.5	5.134	1.603	2.189	1085.	1.	37.25
Belgian Franc 100	1.244	2.196	5.299	541.0	13.76	4.303	5.877	2915.	2.685	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 13)

3 months U.S. Dollars		6 months U.S. dollars	
bid 15 5/16	offer 15 7/16	bid 15 3/8	offer 15 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13½-13¾	14¾-14⅞	14-15	8¾-8⅞	6-6½	9⅛-9¼	18-22	18-23	14-16	12¼-13¼	6⅛-6¼	19½-20½
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SDR linked deposits: one month 13¾-13⅞ per cent; three months 13⅞-14⅛ per cent; six months 13⅞-14⅛ per cent; one year 13⅝-13⅞ per cent. ECU linked deposits: one month 14¼-14⅝ per cent; three months 14¼-14⅝ per cent; six months 14⅛-14⅜ per cent; one year 13⅞-14 per cent. Asian $ (closing rates in Singapore): one month 15⅛-15¼ per cent; three months 15⅝-15¾ per cent; six months 15⅝-15¾ per cent; one year 15⅝-15¾ per cent. Long-term Eurodollar two years 15⅝-15¾ per cent; three years 15⅝-15¾ per cent; four years 15⅝-15¾ per cent; five years 15⅝-15¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.75-14.85 per cent; three months 14.80-14.90 per cent; six months 14.80-14.90 per cent; one year 14.80-14.90.

MONEY MARKETS

UK rates firm

London clearing bank base lending rate 13 per cent (since March 12)

Interest rates were generally firmer in London yesterday, reflecting continued concern over the situation in the Falkland Islands. Discount houses buying rates for one-month Treasury bills rose to 13⅛-13⅞ per cent from 13 per cent and the rate on three-month eligible bank bills was quoted at 13⅛-13⅞ per cent compared with 12⅞ per cent. Seven-day interbank money was higher at 12⅞-12⅞ per cent against 11⅞-12⅛ per cent. Overnight interbank money touched a high of around 17 per cent during the afternoon after opening at 11⅞-12 per cent and spending most of the morning at 11⅞-11⅞ per cent. Money appeared tighter in the day with closing balances taken at 14 per cent.

There was a further shortage of credit in the money market and the Bank of England forecast a shortage of around £400m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills —£520m, partly offset by Exchequer transactions +£90m and a fall in the note circulation of £140m. The Bank gave assistance in the morning of £287m, comprising purchases of £1m of local authority bills in band 2 (15-33 days) and £91m of eligible bank bills all at 13 per cent and in band 3 (34-63 days) £48m of eligible bank bills at 12⅞ per cent. In band 4 (64-91 days) it bought £27m of Treasury bills at 12⅞ per cent and £118m of eligible bank bills at 12⅞-12⅞ per cent.

Further help was given in the afternoon of £73m, making a grand total of £360m. The afternoon help was made up of purchases of £30m of eligible bank bills in band 3 and £43m in band 4, all at 12⅞ per cent.

In Frankfurt call money rose to 9.45-9.50 per cent up from 9.40 per cent on Thursday as a maturing repurchase agreement drained DM 8bn from the market. There was no announcement of any plans to replace the expiring facility.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	14½-14¾
Treasury bills (13-week)	12.66
Treasury bills (26-week)	12.78

GERMANY

Special Lombard	9.50
Overnight rate	9.50
One month	9.475
Three months	9.325
Six months	9.35

FRANCE

Intervention rate	17.0
Overnight rate	17.0
One month	16.1825
Three months	16.0625
Six months	15.50

JAPAN

Discount rate	5.50
Call (unconditional)	7.21875
Bill discount (three-month)	7.03125

GOLD

Firmer trend

Gold rose $2½ to $356¼-357¼ in the London bullion market, finishing at the highest level of the day. It opened at $352-353 and fell to a low of $350½-351½ in quiet trading. The metal was fixed at $353.50 in the morning and $353.50 in the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 71,500 per kilo ($353.30 per oz) in the afternoon, compared with FFr 71,500 ($353.60) in the morning and FFr 71,500 ($352.60) Thursday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 27,485 per kilo ($354 per oz), against DM 27,540 ($352.50) previously, and closed at $354½-355½, compared with $351-352.

In Luxembourg the 12½-kilo bar was fixed at the equivalent of $352.70 per oz.

In Zurich gold finished at $352-355 against $350-353 on Thursday.

	April 13	April 8
Gold Bullion (fine ounce)		
Close	$356¼-357¼ (£202-202½)	$355½-356½ (£200¾-201¼)
Opening	$352-353 (£198¾-199¼)	$353-354 (£199¼-199¾)
Morning fixing	$353.50 (£199.921)	$353.50 (£200.969)
Afternoon fixing	$353.50 (£200.602)	$351.50 (£199.943)
Gold Coins		
Krugerrand	$368½-369½ (£208½-209)	$362-363 (£204¼-205)
½ Krugerrand	$190-191 (£107½-108)	$187-188 (£105½-106)
¼ Krugerrand	$96¾-97¾ (£54¾-55¼)	$95¼-96¼ (£53¾-54¼)
1/10 Krugerrand	$39-40 (£22-22½)	$39-40 (£22-22½)
Mapleleaf	$368½-369½ (£208½-209)	$362-363 (£204¼-205)
New Sovereigns	$85½-87½ (£48½-49)	$85-86 (£48¼-48¾)
King Sovereigns	$102-103 (£58-58½)	$102-103 (£57½-58½)
Victoria Sovs	$102-103 (£58-58½)	$102-103 (£57½-58½)
French 20s	$82-92 (£46½-52)	$81-91 (£45¾-51¼)
50 pesos Mexico	$441-445 (£250-252)	$438-442 (£248½-249¾)
100 Cor. Austria	$347¼-349¼ (£196½-197½)	$344-346 (£194½-195½)
$20 Eagles	$449-454 (£254½-257)	$448-453 (£253-256)

LONDON MONEY RATES

April 13 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	11½-17	11¾-12	—	—	—	12-12½	11-13	—	—
2 days notice	—	—	12⅛-12¼	—	—	—	—	—	—	—
7 days notice	—	—	—	—	—	—	—	—	—	—
7 days or	—	12½-12⅞	12½-12⅞	—	—	—	12⅞-13¼	12⅞	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14¼ per cent; four years 14¼ per cent; five years 14⅛ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 13⅛-13⅛ per cent; four-month trade bills 13⅞ per cent.

Approximate selling rates for one month Treasury bills 12⅞-12⅞ per cent; two months 12⅞-12 per cent; three months 12⅞-12⅞ per cent. Approximate selling rate for one month bank bills 12⅞-13 per cent; two months 13⅛-13¼ per cent; three months 13-13⅛ per cent; one month trade bills 13⅝ per cent; two months 13⅝ per cent; three months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from April 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10½ per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 12.7821 per cent.

Certificates of Tax Deposit (Series 5) 13¼ per cent from March 9. Deposits withdrawn for cash 11 per cent.

INTERNATIONAL COMPANIES and FINANCE

Fed to seek public comment on Schwab bid

By Our New York Staff

THE FEDERAL Reserve Board, which regulates the U.S. banking system, is seeking public comment on Bank of America's proposal to buy Charles Schwab, the largest cut-rate U.S. stockbroker. The Fed will have to approve the deal before it can go through.

The deal is highly controversial because it will mark the entry of America's largest bank into the stockbroking business which many people, including investment bankers on Wall Street, maintain would be illegal.

The Fed's request for comment is directed specifically at the issue of whether the acquisition would violate the Glass-Steagall Act which creates a dividing line between commercial banking and investment banking activities such as securities underwriting.

Bank of America has argued that Schwab is not in the underwriting business. As a broker it merely accepts and executes the securities trading orders of its clients. Schwab is the largest of the so-called "discount" brokers which sprang up after the abolition of fixed rate commissions in the mid-1970s and offer cheap, no frills broking services.

The Fed's move has implications for similar deals by other banks. Citibank, New York's largest bank, is widely believed to be negotiating to buy quick and Reilly, another large discount broker.

Somewhat different was the recently formed joint venture between Security Pacific, the large Californian bank, and Fidelity, a discount broker based in Boston.

Wheeling-Pittsburgh to issue stock to workforce

BY RICHARD LAMBERT IN NEW YORK

WHEELING-PITTSBURGH, the eighth largest U.S. steel manufacturer, is to give its workers $35m in preferred stock. In exchange, they will surrender a wage increase due this August, as well as certain holiday entitlements.

The United Steelworkers Union said that it had agreed to the proposal after looking at the company's books. Wheeling-Pittsburgh was engaged in a major capital spending programme at a time when its cash flow had been badly hit by the slump in steel demand.

If the workforce had not agreed to make concessions, the company would have been in serious financial difficulties by the autumn, the union added.

Sheet mill products make up almost 80 per cent of Wheeling-Pittsburgh's output, and its main customers are the motor, home building and appliance industries, all three of which have been seriously affected by the recession. The company currently has 11,500 employees, of whom around 4,000 are currently laid off.

This is the latest in a series of special deals between the company and the unions, which started in 1978 when employees subscribed to $8.5m of preferred stock.

The union said that two other steelmakers had made special deals with their workforces in recent months. These were McLouth Steel and Penn-Dixie Industries.

Atari boosts profits at Warner

BY OUR FINANCIAL STAFF

A RISE of 57 per cent in first quarter earnings, from $49.52m to $77.88m is reported by Warner Communications, the U.S. entertainments conglomerate. Revenues during the period advanced by 55 per cent, from $602.1m to $932.5m.

Mr Steven J. Ross, chairman, attributes the strong performance to continued growth of Atari, the group's electronic games offshoot, and the improved performance of its motion picture division.

"The dramatic growth of Atari continued during the quarter, causing revenues for the consumer electronics division to increase 180 per cent to $421m, while operating income more than tripled to $100.6m," he declared.

"Retail demand for Atari's 'video computer system' programmable game and related cartridges continued to increase rapidly, home computer sales quintupled and the coin-operated video game division registered revenue gains."

Warner's record and music publishing division, in contrast, turned in lower revenues as a result of fewer major releases during the quarter, and its operating income fell from $22.3m to $15.8m. But the chairman stated that the division should benefit from coming releases from many of its top recording artists over the next few months.

Operating income of Warner's filmed entertainment division increased 14 per cent to $30.1m for the quarter, the gain being attributed to increased licensing of theatrical films in television, particularly Pay TV, and increased television production.

Warner Amex, the company's joint cable television venture with American Express, continued to experience subscriber growth in all segments of its operations, Mr Ross stated.

In February Warner reported a 65 per cent increase in earnings for the whole of 1981.

Concern over Gulf gold dealer

BY DUNCAN CAMPBELL-SMITH

LOSSES of between $30m-$70m and estimated to have arisen following the reported collapse of Unigold, a Dubai-based bullion and foreign exchange dealing house.

Also involved is the International Finance and Exchange Company (IFEC) of Doha, which closed its doors last week and went into liquidation. IFEC was 49 per cent owned by Mr Sarpaj Sardar Khan, a Pakistani businessman, and 51 per cent owned by Sheikh Ahmed Abdullah Al-Thani, a member of Qatar's ruling family.

These two joined with Mr Khalid Malik, IFEC's former managing director, to set up a London company called KMK Capital Management in 1977. Late in 1980, a subsidiary was launched—KMK Securities—to provide Unigold with research on the bullion and exchange markets. It also acted as a conduit for orders placed by Unigold with brokers in London, Chicago and New York.

Mr Azhar Mahmoud, a director of both KMK companies, said yesterday that business during 1981 built up to the point where KMK's London office was typically placing on behalf of Unigold's clients 100 to 150 futures contracts every day in the gold and silver futures markets.

Unigold is understood to have attracted substantial investment funds by offering clients a guaranteed return. It had over 2,000 account holders with minimum deposits of Dh 100,000 (£15,625). The monetary authorities of the United Arab Emirates impose few regulatory constraints upon deposit-taking activities of this kind.

Unigold's shareholders include the three owners of KMK and a dozen other individuals, some highly placed in Dubai ruling circles. Its clients, who now face sizable cash losses, are believed to include institutions as well as private individuals in the Gulf.

The bullion house has placed no orders through London since December. The London parent company, which has an authorised capital of £1m, has run down the staff of KMK Securities.

Slow start for Westinghouse

By Our Financial Staff

THE SECOND largest manufacturer of electrical equipment in the U.S., Westinghouse Electric, has made a somewhat modest start to fiscal 1982, with earnings for the first quarter little changed after special factors despite a strong rise in sales.

Earnings moved up from $118.5m to $124.4m or $1.44 a share, but $26m or 27 cents a share came from the termination of operations at Offshore Power Systems, the group's nuclear power project.

Earnings plunge at Allis-Chalmers

By Our Financial Staff

EARNINGS continued to fall sharply in the first quarter of this year at Allis-Chalmers, the Milwaukee-based manufacturer of equipment for the farming, industrial and mining sectors.

Net earnings for the quarter dropped from $2.6m to only $47,000, with earnings per share at nil against 20 cents last time. Sales were $429m compared with $524.8m a year ago.

The board said that the suspension of production of tractors and combines throughout January this year had damaged first-quarter results.

Losses incurred from this move had offset a gain of $16.7m from the previously announced partial sale of the interest in Siemens-Allis to Siemens of West Germany.

First-quarter sales in the group's other businesses were lower than a year earlier, due to the sluggish worldwide economy. However, the board says it has seen good prospects for new orders in its solids processing, clean air and fluid products markets.

Allis-Chalmers said that earnings for its financial services operations increased substantially.

The group continues to cut costs, including reductions in uncompetitive labour costs.

Allis earns about 40 per cent of its profits from sales of farm machinery, with a further 46 per cent coming from process equipment, mostly to the mining industry in the form of minerals, aggregate and coal processors.

Nearly one-quarter of sales come from outside the U.S.

$250m credit for Yugoslavia

By Our Euromarkets Staff

YUGOSLAVIA has agreed a $250m seven-year credit with a group of Kuwaiti financial institutions, according to the Yugoslav national news agency in Belgrade.

The agreement, between the Yugoslav National Bank and three Kuwaiti institutions, calls for repayment to begin in three years. The Kuwaiti Trade and Investment Corporation is leading the credit.

The funds will be used to support economic stabilisation measures in Yugoslavia. Last year, Yugoslavia also received a $250m credit from Kuwaiti institutions.

Yugoslavia is currently said to be looking for around DM 200m from German banks and a similar amount from French lenders.

World Bank aims $100m bond at Swiss investors

BY ALAN FRIEDMAN

THE WORLD BANK is launching a $100m seven-year Eurodollar bond linked to the Swiss franc and designed to appeal to Swiss investors. The bond, led by Swiss Bank Corporation, carries a 6⅞ per cent indicated coupon, in line with present Swiss franc bond market conditions.

Coupon and redemption payments will be made in dollars, but the deal is structured to offer Swiss franc-based investors a potential exchange gain. Under the terms of the deal a dollar-Swiss franc exchange rate will be fixed next week for the life of the bond.

If the dollar strengthens against the Swiss franc by the time of each coupon payment (and also for the purpose of the final redemption) then the investor will receive the pre-set dollar amount. This would then allow the investor an exchange gain while converting the coupon payment or redemption into Swiss francs.

If the dollar weakens then the investor will be paid the amount of dollars necessary to equal the amount of Swiss francs fixed by the 1982 exchange rate. With its 6⅞ per cent coupon and currency provisions this issue is effectively a Swiss bond denominated in dollars. Co-managers include Credit Suisse and Union Bank of Switzerland.

Phillips Petroleum is also in the Eurodollar bond market, with a $200m seven-year issue through Morgan Stanley and Credit Suisse First Boston. The offer carries a 14 per cent coupon at par and the paper is callable at 101½ in the fifth year, declining by ½ per cent each year.

Moving up the coupon ladder, there is a new 50m seven-year bond being offered for Eksportfinans, the Norwegian export finance agency. The coupon is 14½ per cent and 20 per cent of the issue is to be repaid during each of the last five years. CSFB and Den Norske Creditbank are lead managers.

Southern California Edison, the utility, meanwhile is offering 15 per cent on its $60m of seven-year Eurodollar bonds. CSFB is leading the issue.

In secondary market trading the Eurodollar sector bounced back yesterday and closed around ¼ to ½ point higher. Dealers said there were some case of inventories being enlarged. Another reason for the active market was a positive reaction to the latest U.S. money supply figures, not as bad as anticipated.

The West German Subcommittee on Capital Markets met in Frankfurt yesterday afternoon and set a DM 1.65bn five-week foreign bond calendar which expires on May 17. Among the 16 borrowers set to tap the German capital market will be two British issuers—Barclays Bank and Bowater Corporation, the paper and packaging group.

Other borrowers will include Canada, Credit Foncier de France, Iceland, SNCF, Philip Morris, Escom (South Africa's electricity concern), City of Helsinki, Austria, the European Investment Bank, the World Bank, Renfe (the Spanish railway) and Banoural (the Mexican agricultural bank).

The D-mark foreign bond market closed ½ point higher while Swiss franc foreign bond prices were ¼ point weaker in light turnover.

Argentina to pay non-UK banks

BY OUR EUROMARKETS STAFF

ARGENTINA has told banks involved in a $50m revolving credit for the oil drilling company Cia de Perforaciones Rio Colorado that it plans to meet its payment deadline only in the case of non-British banks. Until yesterday it was thought the company would make no payments whatsoever.

The payment, which involves the return to lenders of principal on the credit, was going to be withheld by Argentina because of fears that the Bank of England's freeze on assets would prevent replacement drawings under the facility. This would have broken the conditions of the loan.

But under the Bank's new guidance revolving credits are not going to be allowed to continue anyway. Thus, the payment by Rio Colorado to the seven non-British banks in the 10-bank deal will not have any material effect on the credit. Chase Manhattan is agent for the loan.

It is not known whether the Rio Colorado payments for British banks will be placed in the new escrow account being set up by the Argentine central bank in New York.

It has emerged, meanwhile, that YPF, Argentina's oil company, has told its bankers that it will not draw down any more of its $430m Eurocredit. YPF had already drawn around $200m.

One member of the syndicate of bankers which managed the YPF credit said yesterday that the borrower had decided that "discretion is the better part of valour."

The Bank of England's formal guidelines prohibit further drawings by Argentine borrowers under existing facilities provided by UK banks.

U.S. QUARTERLIES

ABBOTT LABORATORIES

	1982	1981
First quarter	$	$
Revenue	585.8m	546.9m
Net profits	63.8m	55.9m
Net per share	0.52	0.45

AKZONA CORPORATION

	1982	1981
First quarter	$	$
Revenue	290.5m	308.8m
Net profits	†2.89m	†3.28m
Net per share	†0.22	0.27

† Loss

CORNING GLASS WORKS

	1982	1981
First quarter	$	$
Revenue	394.0m	427.6m
Net profits	12.5m	23.7m
Net per share	0.59	1.12

DIAMOND SHAMROCK

	1982	1981
First quarter	$	$
Revenue	791.1m	872.7m
Net profits	64.69m	61.12m
Net per share	1.04	0.92

DOW JONES

	1982	1981
First quarter	$	$
Net profits	18.12m	15.04m
Net per share	0.58	0.48

GENERAL INSTRUMENT

	1981-82	1980-81
Fourth quarter	$	$
Revenue	258.4m	206.4m
Net profits	24.49m	18.85m
Net per share	0.81	0.65
Year		
Revenue	957.1m	825.1m
Net profits	90.03m	68.12m
Net per share	3.01	2.49

INTERNATIONAL MULTIFOODS

	1981-82	1980-81
Fourth quarter	$	$
Revenue	290.3m	288.8m
Net profits	9.00m	8.93m
Net per share	1.09	1.10
Year		
Revenue	1.15bn	1.08bn
Net profits	33.2m	27.2m
Net per share	4.07	3.35

IRVING BANK CORPORATION

	1982	1981
First quarter	$	$
Net profits	20.5m	27.8m
Net per share	2.33	3.18

KAISER ALUMINUM

	1982	1981
First quarter	$	$
Revenue	766.3m	856.4m
Net profits	†24.9m	68.1m
Net per share	†0.58	1.60

† Loss

MGM GRAND HOTELS

	1981-82	1980-81
Second quarter	$	$
Revenue	76.3m	43.6m
Net profits	4.25m	8.95m
Net per share	0.13	0.22
Six months		
Revenue	157.9m	117.7m
Net profits	8.87m	15.5m
Net per share	0.27	0.48

PARKER DRILLING

	1981-82	1980-81
Second quarter	$	$
Revenue	173.8m	160.5m
Net profits	22.44m	19.25m
Net per share	0.78	0.67
Six months		
Revenue	334.5m	277.6m
Net profits	45.57m	36.76m
Net per share	1.58	1.28

U.B. TRUST CORPORATION

	1982	1981
First quarter	$	$
Net profits	4.86m	3.73m
Net per share	1.56	1.24

WHIRLPOOL

	1982	1981
First quarter	$	$
Revenue	550.1m	588.0m
Net profits	28.17m	31.56m
Net per share	0.73	0.87

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday April 15. Closing prices on April 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Int. Fin. 15¾ 82	75	[illegible]	[illegible]	[illegible]	[illegible]	18.01
Anheuser-Busch 16½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.63
APS Fin. Co. 17½ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.47
APS Fin. Co. 16¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.43
Armco O/S Fin. 15¼ 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.45
ATT 14¼ 89	400	[illegible]	[illegible]	[illegible]	[illegible]	14.06
Baker Int. Fin. 0.0 92	225	[illegible]	[illegible]	[illegible]	[illegible]	15.03
Bank Montreal 16¾ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	15.55
Burroughs Int. 15¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.06
Canadair 15¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.14
Can. Nat. Rail. 14¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.96
Carolina Power 16½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.29
Caterpillar Fin. 16 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.56
CFMP 16¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.40
CIBC 16 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.29
Citicorp O/S 13¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.39
CNA 15¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.06
Cons. Bathurst 17½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.82
Cor. Illinois 13¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.23
Dupont O/S 14¾ 89	400	[illegible]	[illegible]	[illegible]	[illegible]	14.38
Dupont O/S Cap. 0.0 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.51
ECSC 14¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.30
EIB 15¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.39
Gen. Elec. Credit 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.23
Gen. Elec. Credit 0.0 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.58
GMAC O/S Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.31
GMAC O/S Fin. 15¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.60
Gulf Canada Ltd 14¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.20
Gulf Oil 14¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.58
Gulf Oil Fin. 0.0 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.38
Int.-Am. Dv. Bk. 15¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.30
Japan Airlines 15¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.85
Japan Dev. Bk. 15¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.74
Nat. West 14¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.78
New Brunswick 16¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.63
New Bruns. Pr. 17¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.86
OKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.95
Ontario Hydro [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.15
Ontario Hydro [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.94
Pac. Gas-Elec. 15¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.86
J. C. Penney [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.14
Quebec Prov. 15¾ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.28
R. J. Reynolds O/S [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.94
Saskatchewan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.30
Saskatchewan 15 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.40
Spain 15¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.15
Standard Oil [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.65
Sweden [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.48
Swed. Ex. Cred. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.12
Swed. Ex. Cred. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.48
Swed. Ex. Cred. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.53
Texas Eastern 15¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.07
Transcanada 15 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.62
Wells Fargo I. F. 15 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.72
WMC Fin. 15½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.82
World Bank 15¾ 88	250	[illegible]	[illegible]	[illegible]	[illegible]	15.16

Average price changes... On day +0¼ on week +0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.77
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.05
Comp. Tel. Esp. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.41
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.59
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.63
EEC [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.36
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.36
Inter-Amer. Dev. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.38
Ireland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.65
Mexico [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.57
Mr. Bk. Denmk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.02
Nacnl. Finan. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.92
Nat. West. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.91
New Zealand [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.72
OKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.41
TKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.91
Quebec [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.30
Quebec Hydro [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tauernautobahn [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.54
Venezuela [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 91	250	[illegible]	[illegible]	[illegible]	[illegible]	9.14

Average price changes... On day +0¼ on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.87
Asian Dev. Bank 8 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.15
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.12
Beigelectric [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.11
Bell Canada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bat. de Autopistas [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.86
Co-op Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.76
Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.11
EIB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.97
Elet. de France 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FNEL [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.59
First City Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.91
Japan Air Lines [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
National Pwr. Co. 8 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.57
Nippon T. and T. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.17
NKB [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.12
Ost. Donaukraft [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ost. Postsav. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.18
Quebec [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saint-Etienne [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.82
Soc. Lux. de Cnt. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.38
TNT O/S Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.09
Transcanada Pipe. 7 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever NV [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.62
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.08

Average price changes... On day -0½ on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Montreal 17 89 C$	50	†101¼	102¼	−0¼	0	16.47
Nt. Bk. Can. 18½ 88 C$	50	†99¾	101¼	+0½	+0¼	16.3
Pancanadian 16½ 88 C$	85	†98½	99	0	+0½	18.7
Queb. Hydro 16½ 89 C$	60	†100¾	100¾	+0¼	+0¼	15.3
Queb. Urban 16¼ 86 C$	20	†100	101	0	0	15.9
Tordom Cpn. 16½ 88 C$	25	†98	98½	0	+0¼	16.9
Transalta 17 89 C$	50	†99¼	100¼	+0¼	+0⅞	16.8
U. Bk. Nwy. 9½ 90 EUA	18	90⅞	92¼	0	+0¼	11.17
Algemene Bk. 10¾ 86 Fl	60	101½	102	0	0	9.6
Amfas Group 12¾ 88 Fl	40	104¼	104⅞	+0¼	+0½	10.87
Amro Bank 12 86 Fl	75	105⅞	105⅞	−0¼	−0¼	10.2
Amro Bank 12 86 Fl	60	105¾	105¾	0	0	10.3
Pierson 10¾ 88 Fl	50	100¾	100⅞	−0¼	−0¼	10.0
Rabobank 12 86 Fl	50	105½	106	0	−0¼	10.2
OKB 14 86 FFr	400	89¾	90¾	0	−1¼	17.6
Solvay et C. 14¾ 86 FFr	200	90¼	91½	+0¼	+0¼	18.17
Acona 14 85 £	20	92¾	93¾	0	−0½	16.72
Beneficial 14¼ 90 £	20	86¼	87⅞	−0¼	−0¼	17.28
BNP 13½ 91 £	15	89¾	90⅞	−0½	−1¼	16.72
CECA 13½ 88 £	20	93¾	94¼	−0½	0	14.98
Fin. Ex. Cred. 13½ 86 £	15	93⅞	94⅞	−0¼	−0¼	16.75
Gen. Elec. Co. 12½ 89 £	60	91¼	92¼	−0¼	−1¼	14.36
Hiram Walker 14¼ 86 £	25	95½	96¼	−0¼	−0¼	15.67
Privatbanken 14½ 88 £	12	92¾	93¼	0	+0¼	18.49
Quebec 16¼ 87 £	35	99¾	100¼	—	—	15.41
Reed (Nd) NV 16¼ 89 £	25	99⅞	100⅞	0	−0½	18.52
Royal Trustco 14 86 £	12	95⅞	96⅞	+0½	+0¼	15.27
SOR France 15¼ 92 £	30	97¼	98¼	0	−0¼	15.98
Swed. Ex. Cr. 13⅞ 86 £	20	95¾	96¾	0	−0¼	16.11
Eurofima 10½ 87 LuxFr	500	99¾	100¾	+0¼	+0¼	10.44
EIB 9¾ 88 LuxFr	600	95	96	+0½	+0½	10.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	99¼	98¾	15/4	5¼	8.33
Bank of Montreal 5¼ 91	0¼	99	99¼	29/4	17.06	17.19
Bk. of Tokyo 5¼ 91 (D)	0¼	98¼	99	10/5	13¼	13.42
Bank Nova Scotia 5¼ 93	0¼	99¼	99¼	29/4	17.06	17.17
BFCE 5¼ 88	0¼	99¾	99¾	26/4	18.94	17.03
BFCE 5¼ 87	0¼	99¾	100	27/7	16¼	16.29
CCCE 5¼ 2002	0¼	98¼	98¾	11/6	14.82	15.06
Co-Ban Eurofin 5¼ 91	0¼	98¾	99	14/4	16.69	16.90
Credit Agricole 5¼ 87	0¼	99¼	99¼	24/9	15.44	15.53
Credit Lyonnais 5¼ 97	0¼	99¼	100	1/4	16	18.04
Credit Nat. 5¼ 94	‡0¼	98¾	99¼	9/6	14.69	14.85
Denmark, Kndm. of 92	0¼	99	99½	25/8	15.44	15.57
Den Norske Cred. 5½ 93	0¼	97½	98¼	4/6	13.56	13.84
Genfinance 5¼ 92	0¼	99½	100	30/6	15½	15.54
GZB 5¼ 92	‡0¼	98¾	98¾	8/6	14.94	15.09
Ind. Bank Japan 5¼ 88	0¼	99¼	99¼	9/5	13.31	13.38
Lloyds Eurofin 5¼ 93	§0¼	99	99½	29/4	17.13	17.26
LTCB Japan 5½ 89	0¼	99¼	99¼	16/7	15.31	16.41
Midland Int. Fin. 9 91	0¼	99¾	99¾	30/4	17.06	17.15
Nat. West Fin. 5¼ 91	§0¼	99¼	99¼	16/7	15.18	15.28
Nippon Credit 5¼ 90	0¼	98¾	99¼	10/8	16.06	16.14
Nordic Int. Fin. 5½ 91	0¼	98¼	98⅞	8/5	15¼	15.84
Offshore Mining 5¼ 91	0¼	98¾	99¼	2/6	13	13.15
Pk.banken 5 91	0¼	98¾	99¼	17/6	14½	14.52
Sanwa Int. Fin. 5¼ 88	0¼	†99	99½	24/8	15.31	15.43
Scotland Int. 5¼ 92	0¼	98¾	99¼	23/9	15¼	15.66
Sec. Pacific 5¼ 91	0¼	98½	99¼	24/5	13¼	13.38
Societe Generale 5¼ 95	0¼	99¼	99¾	1/9	15.31	15.41
Standard Chart. 5¼ 91	0¼	98¾	99¼	18/5	13.31	13.45
Sumitomo Fin. 5½ 89	0¼	99½	100¼	9/8	16	16.04
Sweden 5¼ 88	0¼	98⅞	99¼	26/8	15.31	15.45
Toronto Domin'n 5¼ 92	0¼	98¾	99⅞	11/8	16¼	16.44

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	82½	84	+0¼	−0.88
Bow Valley Inv. 8 95	4/81	23.12	97½	99¼	+0¼	48.89
Bridgestone Tire 5½ 96	3/82	470	83¾	85¾	+0¼	−4.07
Canon 6¾ 95	1/81	829	78¼	80¼	0	14.38
Daiwa Secs. 5½ 96	12/81	513.3	†62	64	0	−0.56
Fujitsu Fanuc 4½ 96	10/81	56.41	86½	88	−1¼	16.38
Furukawa Elec. 5¾ 96	7/81	300	89	90	−0¼	−3.83
Hanson O/S Fin. 9½ 96	8/81	1.36	†98	99	0	−7.16
Hitachi Cable 5¼ 96	2/82	515	78½	79⅞	−2¼	−1.58
Hitachi Cred. Cpn. 5 96	7/81	16.12	72¾	74	+1¼	6.11
Honda Motor 5½ 97	3/82	841	75	76½	+0¼	11.81
Inchcape 8 95	2/81	4.56	†63½	65	0	28.24
Kawasaki 5¼ 96	8/81	229	69	70¼	−0¼	6.75
Marui 6 96	7/81	846.4	93	94⅞	+0½	7.85
Minolta Camera 5 96	10/81	826.4	†60	61½	+0½	30.12
Minorco 9¼ 97	6/82	9.19	†87	88¼	0	8.57
Murata 5¼ 96	7/81	21.68	56¾	58¼	−1	31.22
NKK 6½ 96	7/81	196	78	78¼	−2	−18.53
Nippon Chemi-C 5 91	10/81	978	†61	63	+3½	78.49
Nippon Electric 5¼ 97	2/82	846	81½	83	−0¼	7.05
Orient Finance 6¼ 97	3/82	12.05	86½	88	+0½	3.86
Sanyo Electric 5 96	10/81	652	64	65¼	0	10.96
Sumitomo Elec. 6½ 97	3/82	577.3	82	83½	−1	0.39
Sumitomo Met. 5¾ 96	10/81	296.1	63	64½	−1	10.98
Swiss Bk. Cpn. 6¾ 90	9/80	191	69½	71½	0	8.12
Konishiroku 8 90 DM	2/82	585	99	100	0	3.59
Mitsubishi H. 6 89 DM	2/82	263	94½	95¾	+0¼	12.54

* No information available—previous day's price.

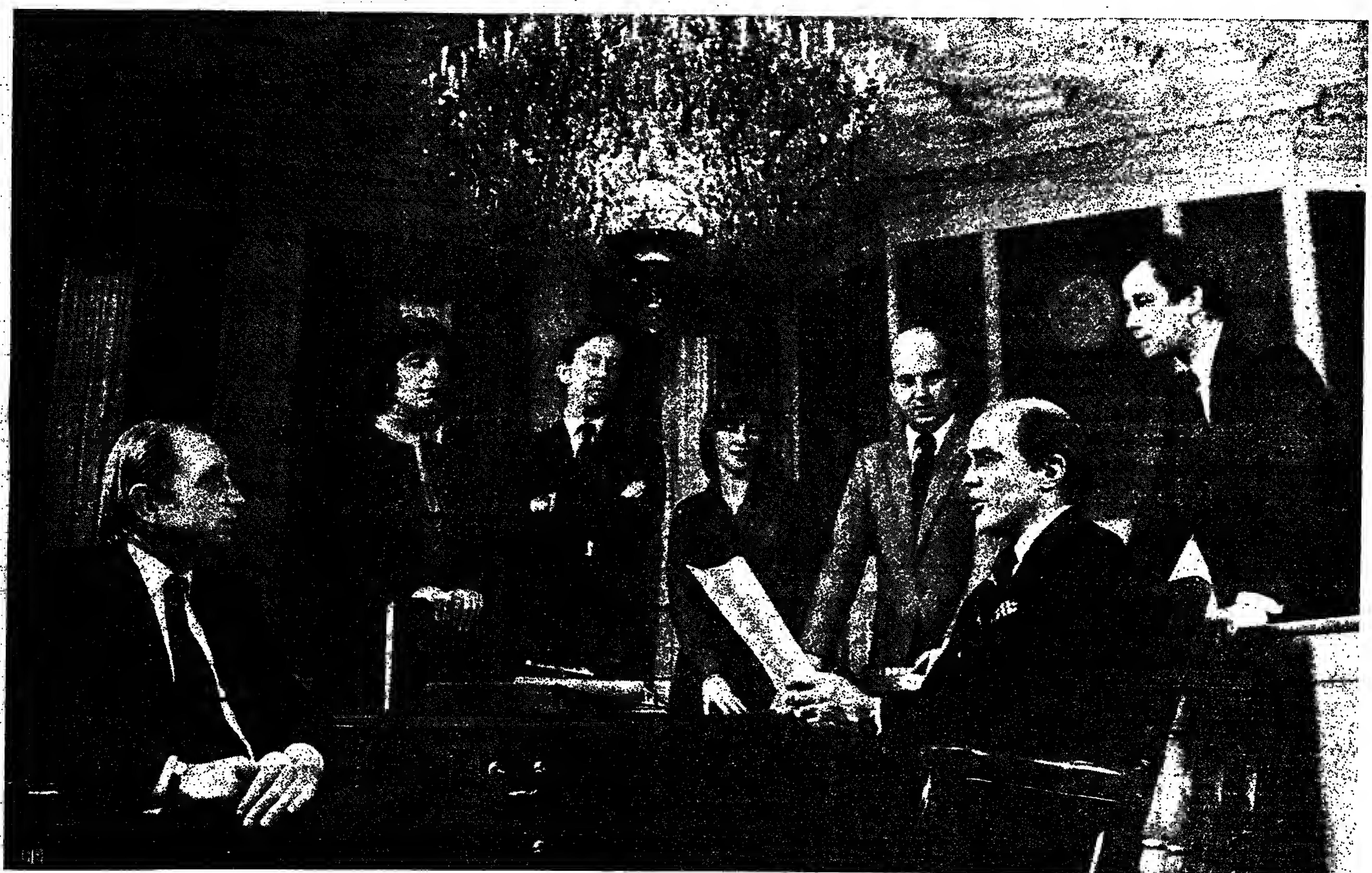
† Only one market-maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

When your company wants to expand in the U.S. market, The Morgan Bank can help



Some of Morgan's New York-based specialists who help international companies in the U.S. market. From left, Theo Roell, Lauretta Bruno, Vincent Steck, Julie Blake, Gildas Lecomte du Nouy, William Holding, who heads the group, and Regnier Haegelsteen.

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

David Housego looks at Compagnie Financiere de Suez

French jewel poses an uneasy dilemma

SUEZ and Paribas, the two industrial and banking holding groups, are among the brightest jewels in terms of compensation paid that the French government has taken over under its nationalisation programme.

The Compagnie Financière de Suez has cost the government FFr 5.1bn ($809.5m) and Paribas a further FFr 4bn or together more than half the FFr 17bn that they have had to pay for the five major nationalised industrial companies.

President Francois Mitterrand has spoken of the newly nationalised industries as constituting the nuclear "strike force" of France's bid to modernise its manufacturing base. But no such specific role has been given to Suez or Paribas. This reflects in part the government's unease before financial empires whose goals the Socialists have in the past regarded with suspicion or disapproval.

Suez, the larger but more conservative of the two groups, has a triad of interests—its industrial holdings, its banking, property and insurance business, and its portfolio holdings.

Just before nationalisation took effect in February, the former Board of Suez forecast a sharp 43 per cent rise in net profits from FFr 272.2m in 1980 to over FFr 400m in 1981. M Georges Plescoff, who took over as chairman after nationalisation having been president of Assurances Generales de France (AGF) for 12 years, has said that profits will in future be "no worse" than in the past. Last year was, however, an exceptional performance. The complications of nationalisation, however, have left at least three major unresolved issues hanging over the group that will affect its future size and structure.

The first is the future of its industrial holdings. M Pierre Mauroy, Prime Minister, said in what appeared to be an unambiguous statement on July 8 before the National Assembly that the industrial holdings of Suez and Paribas outside the scope of nationalisation would be returned to the private sector.

In the case of Suez, these encompass a 48 per cent stake in Lille, Bonnieres et Colombes (engineering), 12 per cent in Beghin-Say (sugar and paper), 18 per cent in Penhoet (electric and mechanical machinery), 10 per cent in Bouygues (construction), 8 per cent in Valeo (car components) and 22 per cent in Lyonnaise des Eaux (water distribution).

In contrast to the Prime Minister, M Plescoff wants the structure of the group to remain intact, and says that nothing has yet been decided about its industrial holdings and that legislation on their future will be put before the National Assembly. M Plescoff says in particular that he wants Suez to retain its links with Lyonnaise des Eaux with whom it has worked closely and which has recently been expanding in the U.S. with its purchase from Coca-Cola of Aqua Chem, the U.S. water treatment and heat equipment manufacturer.

The Government's problem is that it is torn between fulfilling a major public pledge reinforced by its desire to raise funds from the sale of industrial holdings that would help offset the cost of nationalisation, and the attraction of maintaining the identity of the group.

A possible compromise spoken of within the group would be for Suez's industrial holdings to be transferred to another holding company in which the shares would be held both by Suez and by private interests—a solution that would keep Suez's links with its industrial concerns.

But in the meantime, the group is effectively blocked in what was one of its major areas of activity—effectively unable to disinvest from existing industrial holdings or to make new acquisitions. As a nationalised company it can no longer raise fresh risk capital, if this would dilute its state ownership. It did this, for instance, in 1980 with a FFr 630m convertible bond and a FFr 202m rights issue by its Indosuez banking arm. Because of this obstacle, some bankers in Paris believe that both Suez and Paribas will seek to exploit a loophole in the law that would enable them to sell minority holdings to raise cash to expand their operations elsewhere.

The French Government has paid more than FFr 5bn in compensation following the nationalisation of Compagnie Financiere de Suez. Now the Socialists are torn between fulfilling a public pledge to raise funds from the sale of industrial holdings that would offset the cost of nationalisation and the attraction of maintaining the identity of the group

The second area of doubt lies over the future of the group's banking arm and a major source of its strength. Among its widespread banking interests, the group has full ownership of Indosuez, the international banking group which generates three-quarters of its profits from overseas; 73 per cent of Credit Industriel et Commercial (CIC), the regional based bank and one of the largest French private banks before nationalisation; and 46 per cent of La Henin which specialises in property lending.

All three have been nationalised separately aside from their membership of the Suez group because they are above the threshold of FFr 1bn of deposits.

M Plescoff is firm in his views. He wants closer ties between these banks has taken over the chairmanship of Indosuez himself, and quotes in his support M Jacques Delors, the Finance Minister, as saying that the "synergy" between Indosuez and its associated banks should be maintained and developed.

He sees their combination of strengths — international and investment banking (Indosuez) and regional banking with a large deposit base (CIC)—as fulfilling M Delor's ideal of a "universal" bank. Now is the time, he says, to consolidate.

There have always been links between the banks in the group. But paradoxically, the separate nationalisation of three of them has reinforced their individual identity, not least by the direct access the new chairmen have to the state as shareholder.

Between Indosuez and CIC, there is the rivalry of two institutions with widely different horizons and different roles.

"You have to remember," says one banker, "that while Indosuez is internationally-orientated, CIC is at the centre of a federation of regional banks. The two look in the opposite direction."

But apart from the issue of how closely knit the banking arm of the group will be, there are other uncertainties that overhang equally most of the other newly nationalised banks: the squeeze on margins at the moment from the government's fixing of a base bank lending rate at 4 points below the 18 per cent charged to banks in their day-to-day money market operations: the growing pressure on the banks to help finance the investment programmes of the newly nationalised industries with the doubts this throws over their other goals of building up their reserves and their capital ratios; and the still unanswered questions of how to combine criteria of profitability with the government's requirements for the banks to make long term loans to industry in line with the orientations of the Plan.

The third major outstanding issue is the future of Suez's stake in Saint Gobain, the glass and pipe manufacturer, which has also been separately nationalised. Suez had a 17 per cent stake in Saint Gobain on which nationalisation placed a capitalisation of FFr 6bn. Their links were reinforced by Saint Gobain having a 5 per cent share in Suez.

As a result of nationalisation, Suez's privileged partnership with Saint Gobain has now been replaced by that of the state. If Suez was now called on to help finance Saint Gobain's investment programme, it would most likely be as one of a group of banks and without any "in-house" influence.

M. Plescoff says that no decision has been taken over the future of Suez's interest in Saint Gobain. But some bankers think that if Suez were allowed to dispose of it, the funds might be used to enhance the group's banking arm.

M. Plescoff is currently engaged in drafting his views for the government on the future structure of the group. At 64, the widespread view at the time of his appointment had been that he would be a caretaker chairman for Suez. But he shows no sign of wanting to step down soon.

Tax boost for Norwegian stock market

By Fay Gjester in Oslo

NORWAY proposes modest relief on personal income tax to investors who put savings into unit trusts in a move intended to stimulate investment in the Norwegian stock market.

The tax concessions, promised months ago by the minority Conservative government, were delayed for last-minute "re-evaluation" because the Finance Ministry is worried about an anticipated shortfall in tax revenues over the next few years. Petroleum tax revenues—which account for a large share of total Norwegian revenues — will yield less because of the recent fall in oil prices and rising investment costs

Rhone-Poulenc reduces deficit

BY DAVID WHITE IN PARIS

RHONE-POULENC, the recently nationalised French chemical and fibre concern, made a loss last year for the second year running on sales which rose 19 per cent worldwide to FFr 35.9bn ($5.7bn).

The company indicated, however, that final figures would show a distinct improvement from the previous year's crippling loss of FFr 327m.

Overseas subsidiaries, which accounted for 34 per cent of total turnover, played a major role in the sales increase and the recovery in results, along with the group's thriving health and agrochemicals divisions.

These partly offset the continuing cost of reorganisation measures in Rhone-Poulenc's troubled textile operations and the poor results of its fertiliser activities, caused by weak demand and increases in the cost of supplies.

Operating results remained mediocre, the company said. Its operating returns—defined as profits minus exceptional gains or losses, before depreciation and financial charges—were estimated at FFr 2.85bn, compared with FFr 1.73bn in 1980. This figure is roughly in line with the 1979 results, and reflects a recovery in global sales volume to the 1979 level.

Selling prices went up progressively during the year, contributing the major part of the turnover increase of 15 per cent.

But these increases failed to compensate for the rise in raw material and energy costs, the company said.

Slavenburg's forced to tap reserves

BY CHARLES BATCHELOR IN AMSTERDAM

SLAVENBURG'S, the Dutch bank which was last year acquired by Credit Lyonnais of France, made a net profit of Fl 1m in 1981 after setting aside Fl 204m for bad debts.

The bank would have made a "substantial" loss if it had not covered a large part of the provisions by drawing on reserves.

Profit before tax and provisions fell 6 per cent to Fl 83.6m ($31m) on a balance-sheet which was an unchanged Fl 10.7bn ($4bn). After transferring Fl 79m to the bad debt provision (Fl 66m in 1980) and Fl 3.6m tax, the net profit of Fl 1m compared with Fl 12.9m in 1980.

The board believes the expansion of commercial activities, co-operation with Credit Lyonnais and the strengthening of its finances by the French bank will lead to an increase in gross revenues this year. Improvements in efficiency will reduce costs.

The bank nevertheless still expects that operating profit will have to be transferred partly to the provision for bad debts and partly to reserves this year. In the longer term, the board is optimistic about a recovery of net profits.

Credit Lyonnais strengthened Slavenburg's finances last year by taking up a Fl 160m share issue and providing a Fl 100m subordinated loan.

Slavenburg's will pass its dividend over 1981 after paying Fl 5 per share the year before. Credit Lyonnais owns 78 per cent of the Dutch bank.

Hermes dips into red and passes payout

By John Wicks in Zurich

HERMES-PRECISA, the Swiss office equipment group controlled by Olivetti of Italy, reports a loss of SwFr 0.9m ($0.45m) for 1981, and is passing its dividend.

For 1980, the company, in which Olivetti acquired a controlling interest last summer, returned net profits of SwFr 2.5m from which it paid a dividend of 6 per cent.

Last year's deficit is accounted for by "valuation changes in Hermes participations." These more than offset a small profit by the parent company and the receipt of SwFr 3m in the form of licences and dividends from Olivetti (Schweiz).

VMF-Stork profit

VMF-STORK, the Dutch engineering group, returned to profit in 1981 after five years of losses. There are however no plans to resume a dividend payment. The last distribution of Fl 14 per share was in 1975, writes our Amsterdam Correspondent.

The company made a net profit last year of Fl 1.8m ($672,000) compared with the 1980 loss of Fl 25.8m.

INTERNATIONAL APPOINTMENTS

AVCO appoints senior vice president

● **Mr John J. Mahoney** has been elected a senior vice president of AVCO CORP. He will be responsible for all of Avco's high technology units, including Avco Everett Research Laboratory, Inc. and the Avco electronics, specialty materials and systems divisions. Mr Mahoney had been vice president and general manager of Avco systems division in Wilmington, Massachusetts. Replacing him in that position is Mr Hank McCard, who had formerly been vice president, operations of the division.

● **Mr Ronald Clempson** and **Mr David Cakebread**, respectively chairman and a director of CROUCH GROUP, have joined the boards of four new subsidiary companies which have been established principally to expand the group's development activities in the U.S. The new companies are Crouch Management USA Corporation, Crouch Phoenix Corporation, Crouch Royal Gardens Corporation and Crouch Overseas Corporation BV.

● **Mr Hugh L. McColl Jr** has been elected president of NCNB CORPORATION, in addition to his position as president of North Carolina National Bank. He continues as chief operating officer.

● **Mr John Harnett** is relinquishing his appointment as group financial director of BROOKS WATSON GROUP, Dublin, from March 31, and will be succeeded by Mr David Craig, who is at present group financial controller. Mr Harnett is forming an investment company which will specialise in equity capital financing, but will remain as a non-executive director of Brooks Watson Group.

● STAVELEY INDUSTRIES has appointed Mr Geoffrey R. S. Organ, chief executive, Morganite International (Asia), a subsidiary of Morgan Crucible, as chief executive responsible for Staveley operations in the Far East and the Pacific Basin. He leads a new company called Staveley Industries (Far East) with headquarters in Hong Kong. Mr Organ will continue as non-executive director of the Morgan Crucible subsidiaries in Japan and Hong Kong for one year.

● **Dr Oskar E. Hoechli**, a member of the executive committee of the Roche concern, has been appointed chief executive officer of the KONTRON GROUP, Zurich, which is responsible for Roche's instruments division. He becomes a board member of Kontron Holding, Ltd. and board member and managing director of Kontron AG. Mr Elmar Zeising retires as general manager of both companies to devote his full attention to Kontron's electronics division. Mr Zeising remains manager of Kontron Elektronik GmbH, in Eching, Germany.

● The SWEDISH CLUB, Gothenburg-based marine mutual insurance association for hull, P and I and war risks, has appointed the first non-Swedish director of its underwriting and marketing department. He is Mr David Southwood who joined the Swedish Club from Lloyd's brokers Willis, Faber and Dumas, where he was a divisional director in the marine division.

Nestle boosts dividend as 1981 profits soar 41%

BY JOHN WICKS IN ZURICH

NESTLE, the Swiss-based international foods group, reported a 41 per cent rise in group net profits for 1981 to a record SwFr 964m ($487m). This is a strong recovery from 1980's profits which were hit by losses in Argentina.

The board has proposed an increase in dividend to SwFr 85 a share from the SwFr 75 paid in the past two years. The payment will be from parent company profits which rose 11.2 per cent last year to SwFr 299.8m.

Group turnover rose by 13.3 per cent to a record SwFr 27.7bn ($14bn) but this mostly represented the effects of inflation and only a slight increase in sales volume, the parent company said.

The consolidated net profit margin was 3.5 per cent of sales in 1981 against 2.8 per cent a year earlier.

The management will ask the annual meeting next month to approve the increase in dividend and the transfer of SwFr 55m to reserves.

Unilac, Nestle's Panama-based affiliated holding company, lifted its net profits to U.S.$25.2m in 1981 from $24.8m a year earlier. A dividend of $8 per common share has been proposed against $7 for the previous year.

Nestle had taken a large write-off in 1980 as a result of a major reorganisation of Nestle de Productos Alimenticio in Argentina. The parent said late last year that the subsidiary would report "tolerable" losses for 1981 and should return to the black this year.

Earnings surge at Pakistan Airlines

By Our Financial Staff

PAKISTAN INTERNATIONAL Airlines has lifted its operating profits for the six months ended December to Rs 144.1m ($14.6m) from Rs 37.4m a year earlier.

Revenues rose to Rs 3.63bn ($368.9m) from Rs 3.26bn reflecting a 13 per cent increase in passenger revenues and a 5 per cent growth in freight revenues.

In volume terms, passenger traffic rose by 0.7 per cent and freight traffic by 3.2 per cent while the airline's capacity fell by 3 per cent.

The Government invoked a martial law regulation last August to dismiss about 640 of the flag carrier's staff to detain some of its union leaders and to dissolve its unions.

This was a reaction to growing dissatisfaction about the union's activities and mounting operational problems.

Japan seeks venture capital

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

A JAPANESE "venture capital" company which specialises in financing small high technology businesses is about to start selling units in an investment partnership to European buyers.

The company is Japan Associated Finance Company (JAFCO), an affiliate of Nomura Securities. Mr Teiji Imahara, Jafco's president, will be visiting London next week to explain the company's plans for launching Jafco Number Two—an investment partnership which will run for 10 years and acquire shares in small unquoted Japanese companies.

Jafco Number One, the first of its kind in Japan, was floated at the beginning of April and has 14 participants including three companies in Hong Kong and one in France. Its funds total Y1.6bn ($6.5m). Its object is investment in companies which have a high growth potential and which are likely to go public before the end of the partnership's life. Investors who acquire units in the partnership can expect capital gains at the time of dissolution but Jafco's prospectus stresses that it is offering a "high risk" investment and that cash cannot be withdrawn halfway through the partnership's life.

Jafco Number Two, which will be similar to Number One in the amounts of funds to be raised and in its general objectives, will probably go on sale in August or September. It will be followed by more partnerships depending on the response of investors.

The number of small, fast-growing companies in Japan in high technology sectors such as computers, optical fibres, and robotics is expanding rapidly. Apart from these manufacturing sectors Jafco sees investment opportunities in service industries such as do-it-yourself, security services and hobbies. It intends to focus on companies with annual sales of about Y3bn and with annual growth rates of about 20 per cent.

Venture capital financing in Japan is constrained by the extremely severe regulations governing public issues of shares by Japanese companies. Consequently only 29 companies went public in Japan in 1981 compared with 641 in the U.S. Jafco expects some relaxation of the rules for public issues.

Jafco is the largest of eight Japanese venture capital companies formed on the American model to invest in small high technology companies through loans or share acquisition. Most have turned in disappointing results, apparently because of the difficulty of finding viable investments when only a tiny proportion of potentially promising companies go public each year.

United Engineers sees large loss

UNITED ENGINEERS, the big Singapore engineering concern, is expected to register a loss of S$19m (US$8.9m) before taxation but after extraordinary items for 1981, Georgie Lee reports from Singapore.

Mr Gerald Beale, UE's executive financial director, said a preview of the 1981 year end results indicated that the company had incurred a "serious loss" attributable to general trading conditions, increased interest charges, closures and special provisions.

At the half-way stage, UE had already reported a pre-tax loss of S$3.5m.

Hutchison Whampoa in joint shipping company

BY ROBERT COTTRELL IN HONG KONG

HUTCHISON WHAMPOA, the Hong Kong property and industrial group chaired by Mr Li Ka Shing, has set up a joint shipping company with Harrisons (Clyde) of Glasgow.

The company, Hutchison Harrison Shipping, bas an initial capital of U.S.$30m. Just over 90 per cent is beld by Hutchison and the balance by Harrison. Ships owned by Hutchison Harrison Shipping will be registered in Hong Kong, and managed by Harrisons (Clyde) from Glasgow.

Another joint venture, Hutchison Harrison, has been formed in Bermuda to handle chartering and operational activities. It has an office in London.

● DFS Group is to buy for US$ 30m airport duty-free concessions from Host International which was acquired recently by Marriott Corporation of the U.S., after a takeover battle with DFS, AP-DJ reports from Hong Kong.

Mr Laureoce Vogel, DFS executive vice-president, said the company exercised an option to purchase Host's duty-free concession in the Los Angeles internatiooel airport, four concessions at Kennedy airport in New York City and a general merchandise concession at the Los Angeles airport which sells non-duty-free goods.

BMW and Japan's life-time employment

By Charles Smith in Tokyo

MR YOJI HAMAWAKI, president of the six-month-old Japanese subsidiary of the Bavarian motor manufacturer, BMW, says that contrasting social systems represent one of the root causes of trade friction between Japan and the West. The particular contrast which he has in mind is represented by Japan's famous "Life-Time Employment."

By never laying off their workers, and by demanding unstinted loyalty from them in return, Japanese companies manage to build a team spirit which is one of the ingredients in the formidable strength of Japanese industry. Mr Hamawaki says. On the other hand he feels life-time employment has meant the sacrifice of the individual. One very obvious way in which the individual has been sacrificed is that, in Japan, first class professional engineers earn about half as much as their U.S. counterparts even though the per capita incomes of the two nations are almost equal.

Mr Hamawaki has at least three good reasons for being especially interested in the pros and cons of life-time employment.

The first is that he is a rare case of someone who bucked the system. Mr Hamawaki, who is aged 52, gave up a top job with Kawasaki Heavy Industries, one of Japan's big four motor-cycle manufacturers, in order to become the head of what, for the time being, seems to be by far the most successful foreign car importer in Japan.

Having joined BMW. Mr Hamawaki then set about trying to attract top grade executives from other Japanese motor companies but in six months failed to win over a single one (despite salaries that are probably around 20 per cent more than those being paid in the domestic industry).

Mr Hamawaki's last reason for being interested in the merits or demerits of life-time employment is that he badly needs customers with money in their pockets. BMW cars are built to performance specifications and quality standards that are well above anything Japan has to offer (says Mr Hamawaki)—but they also cost money. A typical comparison is between the 3.3 litre BMW 733, which costs Y7.5m (about £17,000) in the Japanese market and the Nissan President (the top car in Nissan's range) which has a 4.4 litre engine displacement and costs Y4.6m (about £10,500).

In spite of the fact that his cars cost more, and that Japan's life-time employees earn less, Mr Hamawaki thinks that BMW cars, and other high quality European cars, have a definite opportunity in the Japanese market if they are prepared to seize it. The

Mr Yoji Hamawaki

Japanese car market has reached saturation point in terms of quantity, he says. But this simply means that demand is tending to shift from the middle ground of the market to its two extremes as buying habits become diversified.

To prove his point Mr Hamawaki notes that demand for luxury and mini cars rose substantially in Japan last year while "middle of the road" models in the one to two litre range did poorly. BMW starts from just under two litres and goes up to 3.3 with a range of cars which deliberately avoids meeting the requirements of the average buyer, concentrating instead on customers with special requirements. This seems to be the reason why its cars, along with those of Mercedes Benz, were the only two foreign brands to expand sales substantially in the Japanese market in 1981.

BMW registrations rose by 13 per cent (to 3,600 cars) in 1981 against an overall decline of 15 per cent for foreign car registrations. In the first two months of 1982 sales were up another 22 per cent, against a fall of 17 per cent for foreign cars as a whole, and Mr Hamawaki expects this to continue. Apart from the fact that he believes in the quality of what he is selling his confidence is based on what BMW has already done, and still intends to do, to raise its profile in the Japanese market.

Until the end of September last year BMW cars were sold in Japan by a Panama-registered trading company, Balcom, which also imported Harley Davidson motor cycles and European audio visual equipment. From the beginning of October onwards the 200 or so employees that worked in Balcom's BMW division became part of BMW (Japan) Corporation a wholly-owned subsidiary of the Munich car manufacturers. It has a capital of Y3bn and a brand new and distinctively different sales strategy.

One difference is that BMW has a $2m advertising budget—an increase from almost zero under the previous management. A second departure from the "old regime" has been the start of a positive effort to find out who BMW's potential customers are, and to send out salesman to look for them. Last but not least BMW apparently believes in letting its dealers make a profit rather than in maximising its own margin on each of the cars it imports.

Mr Hamawaki says that the majority of BMW's 35 or so independent dealers are getting a 20 per cent profit on the cars they sell (plus bonuses on sales that go above previously set norms). Discounting is forbidden, or at least very strongly discouraged, and BMW Japan's own margin is "much less than 20 per cent." unlike that of several long-established importers of foreign cars which have compensated themselves for low sales volume with mark-ups of at least 50 per cent.

BMW's "dealer first" policy differs from the sales strategy of local Japanese car makers as well from that of other importers. The discount war which is a perpetual feature of the Japanese market for domestically made cars means that two-thirds of dealers earn little or no profit. However, dealers which handle domestic cars at least know they can count on a steady stream of customers. Those which have joined, and will join, the BMW network are being left in no doubt that they will have to work for every car they sell.

Mr Hamawaki's medium-term plan for Japan is to increase sales by a "modest" 20 per cent per year up to 1987, by which time the company should achieve 10,000 registrations and sales of perhaps Y40bn (at current values). In quantity terms this will mean around 0.3 per cent of the Japanese market—an almost ridiculously low figure when one considers that Japanese car makers command (collectively) market shares ranging up to 20 per cent and more in the West. Mr Hamawaki admits that the figure is modest but still believes that BMW has an important mission to fulfil in the Japanese market. The mission is to prove that Japanese consumers are tired of buying products that are indistinguishable from one another and now want something distinctive, even if they have to pay a little more for it.

APPOINTMENTS

Senior post at Midland Bank

Mr P. F. Page has been appointed a corporate finance director in MIDLAND BANK'S corporate finance division. He was a divisional advances controller.

★

Mr William Rhys Owen Griffiths has been appointed from August 1 a regional director of the northern regional board of LLOYDS BANK. Mr Griffiths retired in January as a regional general manager of the Bank.

★

Mr David Putcher has been appointed a director of HERON HOMESTEADS.

★

REED GROUP, part of Reed International, has appointed Mr Dennis Sotherland finance director in succession to Mr Joe Lewis, who has retired.

★

Mr Peter Thackeray has been appointed financial director of GR-STEIN REFRACTORIES, a subsidiary of Hepworth Ceramic Holdings.

★

Mr Peter Bostock is to join CHARLES BARKER CBC as its creative director. He was a director of Bostock, Penman and Sharpe.

★

VICKERS has appointed Mr Bob Denton as managing director of Vickers Furniture UK, part of its international business equipment division.

★

Mr Ralph C. Stow, former managing director, has been appointed president and chairman of the CHELTENHAM AND GLOUCESTER BUILDING SOCIETY. He replaces Mr Charles Jessop, who will remain a director. Mr Bernard F. [illegible] a director, is retiring.

★

Mr Paul F. [illegible] appointed managing [illegible] of THE [illegible] COMPANY.

★

WIGGINS [illegible] GROUP appointed Mr [illegible] to the main board, [illegible] G. J. Coleman has been [illegible] director, construction, [illegible] J. Henley director, [illegible] and Mr George [illegible] director, investment.

★

RATCLIFF TAIL LIFTS has appointed Mr John Lane managing director. He was [illegible] financial director. Mr [illegible] Lines, for the past six years [illegible] group managing director [illegible] managing director, will [illegible] concentrate solely on the group activities.

★

Mr Robert Anderson will be admitted to the partnership of E. J. COLLINS AND COMPANY stockbrokers, on April 19.

★

Mr David Richardson has been appointed managing director of ONECOLT ADVERTISING. He succeeds Mr Graham Pashell who remains as chairman.

★

Mr Vincent Howard has been appointed a director of MATRA UK.

★

Mr Eric Birch, personnel manager, and Mr Terry [illegible] marketing manager, have been appointed to the board of TWYFORDS, part of Reed Building Products, a division of Reed International. Mr Birch has become personnel director and Mr Henwood home sales director.

CONTRACTS

W. H. Allen wins £2.1m pumps order

W. H. ALLEN part of NEI-APE, has been awarded a contract worth £2.1m by GEC Turbine Generators to supply four concrete volute cooling water circulating pumps for Castle Peak "B" power station, Hong Kong. Each pump will be capable of pumping 20,600 litres per secood of seawater against a total bead of 15 metres.

★

METALLURGICAL ENGINEERS has received a contract, understood to be worth around £1m, from Ruston Gas Turbines for the design and supply of four gas turbine exhaust heat recovery systems for use offshore on the British Hydrocarbons Morecambe Bay platforms. The equipment will utilise energy from tha exhaust gases of four Ruston type TB5000 gas turbine generating sets and recover 30 Btu/hr/turbine in the form of hot oil, the heat being required for both process and heating requirements. A special feature of the equipment is the auxiliary burner which can fire either gas or fuel oil to increase the heat duty at maximum turbine output and to maintain this duty with the turbine on turndown due to a reduction in electrical load.

★

PETER BROTHERHOOD has been awarded a contract worth £250,000 to supply equipment for the British nuclear industry. The order was placed by Taylor Woodrow Construction on behalf of British Nuclear Fuels, and covers the supply of equipment related to the closed circuit TV systems at BNFL's Sellafield reprocessing plant in Cumbria.

★

Work has atarted on the construction of advance factories on the Kings Hill Industrial Estate, Bude, Corowall for the Development Commission. The contract worth £160,000 has been placed with J. E. STACEY AND COMPANY. The project consists of 9 factory units of 500 sq ft each and 2 factory units of 1,500 sq ft each work has started and completion is expected in October.

★

For handling and crushing chalk mixed with chert at its Northfleet, Kent, quarries, Blue Circle Industries has placed an order worth around £600,000 with BABBITLESS COMPANY (GB). The contract covers the manufacture and erection on site, of a mobile crushing system comprising crawler-mounted boom feeder and double-roll crushing units.

★

"FORESTOR," FOREST & SAW MILL EQUIPMENTS (ENGINEERS) has been involved in securing for WADKIN of Leicester, an initial contract for woodworking machinery worth £70,000 from the Timber Corporation, Rangoon, Burma.

★

FOR ITS first major contract in the U.S. FILM COOLING TOWERS (1925) is to supply a 14-cell pre-cast concrete tower for the Great Plains Coal Gasification Project—Beulah, North Dakota. The order worth over £3m has been placed by C-E Lummus, a subsidiary of Combustion Engineering Inc., jointly on FCT and Johnson Associates Inc., FCT's manufacturing licensee in North America. Drawings and supply of materials will be by Johnson working under FCT supervision. The $2bn project is America's first commercial synthetic fuel plant, schedoled for completion in 1984. It will produce 125m standard cu ft a day, equivalent to 7,200,000 barrels of oil a year, from a lignite feedstock using the Lurgi process.

★

FERRANTI has been awarded contracts to supply British Telecom with three microwave radio relay systems in North East and North West England. Each link will be equipped to carry 625 line colour TV plus sound.

★

RENOLD POWER TRANSMISSION has completed an order worth £35,000 for the supply of three vehicle de-waxing conveyors for the Daimler Benz truck and bus sales subsidiary in Italy. The company has won three orders totalling over £80,000 for marine diesel transmission chains from Polish national purchasing agencies.

★

SENSION SYSTEMS has received a £80,000 contract to supply a custom-designed system for the monitoring, logging and control of all electrical energy used by the BSC plant at Stocksbridge. The system uses seven distributed microprocessors interlinked to perform a range of energy management functions. Primary function is to perform maximum demand control of the plant's overall electrical power usage and hence minimise charges.

BASE LENDING RATES

A.B.N. Bank	13 %	Grindlays Bank	†13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§13 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	13½%
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13½%	Standard Chartered	‖13 %
Castle Court Trust Ltd.	13½%	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	15½%	Trustee Savings Bank	13 %
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½%
Choulartons	13½%	Williams & Glyn's	13 %
Citibank Savings	‖12¾%	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.

† 7-day deposits on sums of under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.

‡ Call deposits £1,000 and over 10%.

‖ 21-day deposits over £1,000 11¼%.

§ Demand deposits 10¼%.

¶ Mortgage base rate.

TECHNOLOGY

EDITED BY ALAN CANE

Issues to concentrate the mind

BY JOHN CHITTOCK

Video and Film

THERE ARE two great issues preoccupying the film and television business in the UK today. One is the challenge of video to traditional film and photographic systems. The other is cable television—no longer "should we have it?" but "how and governed by whom?"

On a trip to the U.S. last week to look at one aspect of the former, almost inevitably I also found myself considering the latter—because, of course, America is the land of cable television, upheld as the shining example of free enterprise in the media.

The real purpose of the trip was to collect the crumbs of information that Eastman Kodak now seemed willing to offer me concerning their response to electronic image recording. With world sales last year of $8.28m in photographic systems alone (there are other parts to the business too such as chemicals and plastics), Kodak is hardly rejoicing over the successes of video and the claims for electronic still cameras like Sony's Mavica.

Free reign

Although not my first viewing of American cable television, the timing of this trip concentrated the mind wonderfully, coming as soon after the British decision to allow a new cable service. The issue for those involved is whether cable TV in Britain will debase the general excellence of our television services.

My experience last week confirmed that it could if allowed free reign; a great deal of what I saw was of a standard befitting a non-broadcast university video unit—and Manhattan's cable service was even running "personal" advertisements of a most dubious nature (e.g. "black artist's portfolio for sale — good — for art/design students").

Yet there were simple but unique programmes, of the type we see too infrequently on British television, such as one on nutrition and homoeopathy, another on Japanese dancing, and a simultaneous choice of four religious programmes.

Not all came via cable, and most were at unsocial hours, but they underlined for me the point that a wider choice of material—if sensibly governed as part of the overall television scene—could have much to offer the British public.

As a part of my visit to Kodak, there was an inescapable irony in this. More choice on television may mean even greater problems for the film industry—at least for that part of it which relies on either public screenings or a large turnover in release prints.

Video is already making a dent in the film printing business; where once an industrial customer ordered 100 16mm prints, he may now order only 10 plus 90 videocassettes. One 16mm laboratory confessed to me recently that they were installing videocassette duplicating facility because they were losing this old business to the video houses.

Company view

Meanwhile, it is a tantalising exercise trying to discover how the motion picture film side of Kodak's business is going to adapt itself to the erosion of its traditional markets. If the demand for film stock is going to decline, does Kodak have new products waiting in the wings ready to phase in?

Some clue to these shifting trends is to be found in U.S. figures for the export of motion picture film—4.8m feet in 1979, down to 3.9m feet in 1980. Since most of this would have been Kodak stock, what then is the company's view of these changing times?

In a variety of papers and speeches at industry events, Kodak presents an almost overvigorous defence of film—focusing most of its argument on the superior quality of film over video as both an origination medium (for cameras) and a projection system.

Most of these presentations conveniently overlook the effect that video—and extra television time—is having on the demand for film release prints (quantitatively the most prolific part of the business). Video has also depressed the demand for new U.S. industrial and documentary film productions—with the numbers down from 15,980 in 1978, to 14,780 in 1979 and 12,930 in 1980; another problem not mentioned when film is defended.

Nonetheless, my visit to Kodak convinced me—if I needed convincing—that the company is taking the situation seriously, despite the self-assurance of so many public utterances. They do recognise that electronic image-making will largely displace film for general purposes—but on a time-scale which leaves plenty of scope for them to participate in the transition without an overnight change in the nature of their business.

Kodak is a high technology company. It has very significant experience in the technical requirements of systems where film and electronics interface. It owns a company, Spin Physics, with a great reputation in the manufacture of video recording heads and which has also produced a unique high-speed videotape recording system for slow motion analysis. In the design and manufacture of many of its products (including still cameras) Kodak has made an increasing use of electronics—such as in the new disc camera.

This latter point is particularly impressive when experienced by a Rochester visitor. Designing and producing their own IC's (integrated circuits), employing sophisticated computer aided design for the production of complete circuit boards, Kodak are clearly well into some aspects of electronics.

Curiously, the company has failed to expand upon a small interest in video-tape manufacture (based at Kodak-Pathé in France)—the perfect electronic parallel to film manufacture and a product now in considerable demand. But one explanation offered for this was that videotape was not a high technology product like film; and presumably would not give Kodak the opportunity to dominate in technical leadership as it has with photo-sensitive materials.

From this point on, one can only speculate. Kodak may be unsure themselves because there seem limited choices available that are compatible with the company profile. It is hinted that they may not reject the notion of taking up licences from companies in the video field—which might make sense now that Sony, Philips and others are co-operating on a technical standard for home video recorder/camera systems.

The electronic know-how of Kodak is adequate to the task of manufacturing such systems developed by others, and the marketing skills of the company have demonstrated a superb appreciation of how to turn existing products into better ones with considerable consumer appeal.

If the present battle of the rival video disc systems leads all to retire defeated, Kodak could move in with an optical video disc technology based on photographic film like the one developed successfully by Thomson CSF in France. This would be the perfect interface for the groups' film and electronic experience, relevant to both consumer and industrial markets.

With cable television, video and other electronic media offering the growth potential that film provided in the 1920s, it should be a challenge that Kodak's founder — George Eastman — would have enjoyed. But he committed suicide in 1932, leaving a note saying: "My work is done, why wait?" Which shows just how wrong even great pioneers can be about the future.

Condition monitoring equipment

TECALERT, PLYMOUTH, has introduced a range of condition monitoring equipment aimed to satisfy the needs of the oil industry, offshore oil installations and large processing plants.

Among the range is a microprocessor based portable vibration monitor, the AVM1, which can measure vibration in the range 10Hz to 10kHz. It can store information gathered at several points around a plant and compare them with pre-set alarms. More information on 0752 239841.

Sanding

AS AN addition to the VBV 200 mm wide lacquer sanding machines Venjakob has introduced an abrasive brush denibbing sander which is 1,300 mm wide.

Its main area of use is in the furniture field though it can be used in many other aspects of finishing. More information on 0628 37648.

Scientific fishermen gather facts from the world's seas

THE MV FARNELLA owned by J. Marr of Hull is a 230 foot deepwater stern trawler. It used to catch fish, now it is packed with scientific equipment and the crew, instead of gutting cod in the frozen north, are more at home with a computer, a satellite navigator — and Gloria.

Gloria (it stands for Geological Long Range Inclined Asdic) is beautiful, say the crew. She is the only long-range sidescan sonar system of her type in the world and can produce acoustic maps of the ocean floor over a swath 32 miles wide.

Although not exactly new, Gloria 1 was superseded by Gloria 2. This latest improved version is capable of mapping at a survey speed of eight to nine knots.

Deep gauges

In her four years' life Gloria 2 has mapped a little more than 1 per cent of the world's ocean floor. Not very much one might say, but impressive when one considers almost a quarter of that 1 per cent has been mapped during Farnell's last six months' cruise.

The trip, which has just ended, resulted from a charter by the Natural Environment Research Council through its component body, the Institute of Oceanographic Sciences. The voyage included work for the Department of Energy and the Department of the Environment, Petrobras the Brazilian oil company and two U.S. geological organisations.

Additionally, the Farnella laid a string of seven deep gauges in the Atlantic, which were later successfully recovered, and carried out survey work on the mid-Atlantic Ridge fracture zones.

Strong currents

The Gloria observations take the form of sonographs of the seabed on each side of the ship's track. Although interpretation of the results to recognise natural processes to be able to discard spurious images caused by distortion requires considerable skill, the results have many scientific and practical uses.

For example, the presence of strong currents or unstable floors can be detected, either of which can affect undersea cables, pipelines or rig moorings.

Gloria was deployed for 2,500 hours during the ship's 33,700 nautical mile voyage and produced images of 5m sq km of ocean floor.

Under the command of skipper Roy Hadcraft, the crew of 14—most of them ex-Hull trawlermen—the Farnella called at St. John's in Newfoundland, Ponte Delgado in the Azores, Barbados, New Orleans and Miami.

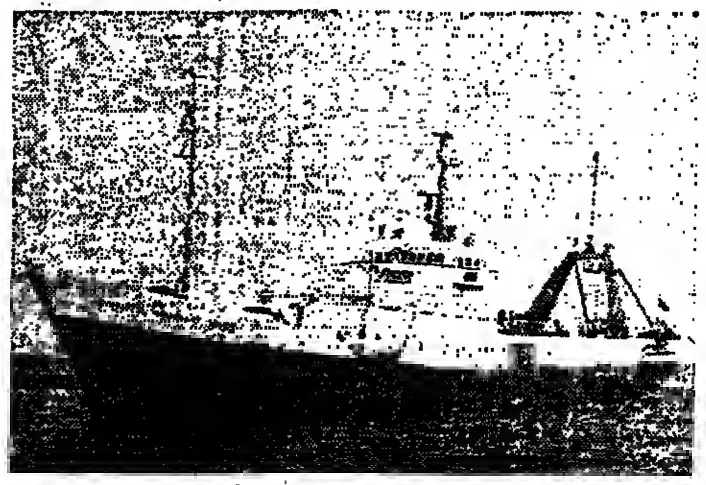
The owners say that the equipment aroused a great deal of interest among U.S. Government scientists and technicians, some of whom joined the ship for a survey of parts of the Gulf of Mexico and the Amazon cone.

The Amazon cone results from sediments deposited in the Atlantic by the river and, potentially, may be a source of oil, as may be the survey in the Gulf of Mexico where investigations were carried out on possible further deep drill-rig sites.

Farnella's owners say that their ability to hold down costs on such a lengthy voyage and the experience gained makes them as competitive as anybody in the world for this type of operation.

More scientific information is available from the Institute of Oceanographic Sciences (042 879 4141), or charter information from Mr J. Hind at J. Marr and Son (0482 27873).

MAX COMMANDER



The MV Farnella which undertook a 33,700 nautical miles voyage to carry out various ocean-bed scans, and (below) the Gloria equipment fitted to her stern.

Salyut blood device

A MACHINE which can automatically trace blood vessels and measure blood flow from outside the body is to be used on the Soviet Salyut space station.

It will be set to work monitoring astronauts during a joint Soviet-French flight planned for June.

The machine was developed at the Tours University Hospital in France by Prof. Leandre Pourcelet over a period of five years.

Using a combination of ultrasonics and Doppler techniques, the device can measure the blood flow in veins which are as far as 4.7 ins under the skin.

Both techniques are widely used in medicine because they are non-invasive and have no discernible harmful side effects. However, the machine will allow automatic readings to be taken more easily by doctors if the machine goes into production.

Tests have already been carried out on several hundred patients and the hospital has designed two versions of the machine, one for abdominal and heart region examination: the other for examining legs, neck and skull.

Ultrasonics is widely used in the monitoring of pregnancies and the new machine has already had success in helping doctors decide on treatment in difficult pregnancies.

● A non-invasive ultrasonic screening device which could simplify the study of cerebral vascular and peripheral vascular disease is available from Precision Medical Equipment, Braintree, Essex.

The Dopscan 1050 can produce an image of the carotid artery in the form of flow map, which, the company claims, can identify problem areas where the artery narrows.

ELAINE WILLIAMS

PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION — PROPOSED ACQUISITION OF ARTHUR HOLDEN AND SONS LTD. BY IMPERIAL CHEMICALS INDUSTRIES PLC

On March 16th 1982, Mr John Biffen, Secretary of State for Trade, referred to the Monopolies and Mergers Commission, for investigation and report under the provision of the Fair Trading Act 1973, the proposed acquisition of Arthur Holden and Sons Ltd. by Imperial Chemical Industries plc. The Commission is required to submit its report by September 15th 1982. Any person who wishes to give information or views on this proposed acquisition should write as soon as possible to: The Secretary, Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT

WALSALL METROPOLITAN BOROUGH BILLS

£12,250,000 Bills issued 14th April 1982 due 14th July 1982 at the rate of 12¾%. Applications totalled £65,000,000. These are the only Bills outstanding.

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CONTRACTS AND TENDERS

INTERNATIONAL INVITATION TO TENDER BIDS FOR THE EXPANSION OF THE BOULAOS POWER PLANT (REPUBLIC OF DJIBOUTI)

1. FINANCING

Electricité de Djibouti has decided to expand the production and distribution systems for the City of Djibouti. This expansion project will include two diesel-powered generators designed to burn heavy fuel and capable of producing 15 MW each in continuous operation plus the expansion of the 20-kV distribution system and the creation of a 63-kV system.

This expansion project will be financed by an international group consisting of the following:
- Kuwait Fund for Arab Economic Development;
- Arab Fund for Economic and Social Development;
- OPEC Fund;
- Islamic Development Bank;
- Caisse Centrale de Coopération Économique Française.

2. DESCRIPTION OF LOTS

Lot No. 1: Civil-engineering work.
Lot No. 2: Electromechanical equipment (Lot reserved exclusively to manufacturers of diesel motors or generators replying to the invitation to tender)
Lot No. 3: Electrical equipment
Lot No. 4: 63-kV system

Lots 1, 2 and 3 are open to international competition. Lot 4 is reserved exclusively to French bidders supplying equipment produced in France or in the Franc Zone.

3. BIDS

Interested bidders are invited to announce their intentions in writing or by telex no later than April 20, 1982, and to indicate which lots they are interested in.

Tender documents will be available at the following address as of early May 1982. Payment is to be made in the form of a check payable to the order of Electricité de Djibouti in the amount of $U.S.100 for Lots 1, 3 and 4 and in the amount of $U.S. 150 for Lot 2.

ELECTRICITE DE FRANCE
Direction des Affaires Extérieures et de la Coopération
68, rue du Fg-St-Honoré - 75008 Paris - France
Tel. 764.66.64 - Telex EDFAE 660434F

COMPANY NOTICES

ESSELTE AKTIEBOLAG

NOTICE TO BONDHOLDERS OF U.S.$25,000,000 7¾ per cent. Convertible Subordinated Bonds 1989

Notice is hereby given to Bondholders that as a result of the Rights Issue by Esselte Aktiebolag of a maximum of 1,296,787 new Series B Shares at a price of SEK 110 to its shareholders, the Conversion Price of the above Bonds has been adjusted to SEK 153.

Dated 14th April 1982

Notice of Redemption

Monsanto International N.V.

8¾% Guaranteed Sinking Fund Debentures Due May 15, 1985

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1970 under which the above described Debentures were issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has drawn for redemption on May 15, 1982, through the operation of the Sinking Fund, provided for in said Indenture, $1,156,000 principal amount of Debentures of the said issue, bearing the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

M 2	1062	3211	7192	8790	10239	12770	14021	14447	14899	15310	15790	16224	16727	17217	17579	19273
21	1097	3288	7199	8817	10242	12780	14024	14459	14900	15314	15798	16251	16731	17220	17587	19303
39	1100	3973	7210	8830	10247	12792	14030	14460	14904	15319	15794	16253	16733	17224	17594	19304
40	1101	4112	7219	8840	10249	12793	14047	14483	14909	15369	15799	16264	16734	17229	17599	19309
42	1102	4113	7231	8859	10251	12802	14070	14484	14924	15371	15800	16267	16739	17231	17604	19311
49	1111	4121	7237	8860	10253	12810	14079	14500	14931	15383	15804	16280	16740	17243	17609	19321
58	1152	4139	7283	8861	10260	12821	14084	14503	14934	15389	15807	16283	16751	17249	17610	19324
59	1160	4169	7303	8883	10262	12822	14087	14509	14939	15391	15809	16284	16771	17250	17619	19329
101	1211	4173	7330	8899	10281	12824	14090	14511	14940	15401	15810	16297	16787	17253	17623	19330
117	1227	4189	7359	8910	10282	12833	14097	14527	14941	15429	15811	16299	16794	17261	17624	19331
120	1229	4190	7373	8950	10283	12857	14110	14529	14950	15430	15830	16304	16797	17290	17630	19337
133	1237	4192	7381	8952	10312	12860	14113	14530	14951	15444	15840	16317	16801	17291	17634	19354
142	1243	4247	7393	9020	10313	12864	14114	14531	14954	15449	15849	16324	16810	17294	17637	19360
151	1249	4430	7449	9029	10330	12874	14117	14533	14970	15453	15860	16343	16813	17297	17639	19363
161	1252	4437	7452	9049	10339	12877	14119	14543	14977	15457	15863	16360	16820	17303	17640	19387
171	1283	4542	7457	9053	10361	12880	14124	14554	14980	15460	15869	16363	16849	17304	17641	19397
191	1290	4609	7463	9060	10367	12883	14127	14557	14990	15473	15870	16370	16851	17313	17644	19414
193	1292	6619	7473	9062	10372	12909	14129	14577	14991	15474	15871	16371	16864	17324	17650	19420
199	1299	6643	7520	9091	10389	12917	14130	14580	14994	15487	15874	16377	16893	17327	17654	19434
202	1312	6647	7551	9099	10390	12920	14131	14583	14997	15490	15877	16381	16899	17330	17660	19437
219	1981	6649	7560	9109	10397	12923	14133	14584	15003	15491	15887	16391	16910	17331	17667	19443
262	2011	6671	7563	9110	10407	12931	14139	14599	15010	15492	15893	16409	16950	17333	17671	19444
309	2029	6699	7567	9152	10417	12939	14161	14603	15017	15499	15910	16410	16953	17341	17677	19459
327	2067	6713	7571	9162	10430	12953	14173	14604	15020	15513	15911	16419	16963	17347	17679	19473
388	2070	6729	7581	9183	10432	12957	14179	14609	15040	15514	15921	16423	16964	17363	17681	19474
389	2090	6739	7589	9190	10442	12979	14183	14614	15047	15530	15927	16443	16969	17370	17687	19483
409	2099	6742	7607	9197	10461	12980	14219	14617	15060	15539	15930	16450	16971	17371	17690	19494
412	2123	6753	7612	9217	10463	13000	14229	14619	15063	15557	15939	16451	16973	17373	17691	19499
427	2190	6757	7629	9221	10467	13001	14233	14621	15079	15559	15943	16454	16979	17374	17697	19519
433	2222	6777	7671	9223	10493	13010	14234	14623	15081	15577	15964	16457	16981	17379	17700	19523
510	2231	6790	7680	9911	10512	13041	14244	14629	15084	15580	15971	16460	16983	17381	17701	19542
511	2241	6797	7700	9920	10519	13053	14250	14633	15087	15590	15973	16461	16984	17383	17703	19549
523	2247	6799	7702	9931	10522	13057	14257	14641	15094	15611	15981	16463	16987	17393	17704	19550
530	2257	6803	7719	9940	10532	13067	14260	14644	15097	15613	15987	16467	16991	17400	17707	19560
540	2272	6829	7723	9953	10540	13073	14261	14647	15099	15614	15991	16484	17000	17407	17713	19561
547	2277	6863	7730	9957	10552	13081	14273	14653	15100	15617	16004	16491	17013	17417	17720	19563
551	2297	6870	7733	9980	12547	13087	14279	14663	15101	15637	16011	16497	17024	17429	17737	19564
560	2367	6871	7880	9981	12550	13090	14280	14664	15107	15640	16013	16499	17029	17434	17741	19567
579	2411	6879	7890	9991	12554	13099	14281	14670	15113	15653	16014	16504	17034	17437	17747	19590
590	2413	6883	7907	9993	12561	13119	14284	14679	15117	15661	16030	16513	17039	17443	17759	19591
593	2417	6897	7910	10002	12580	13123	14289	14680	15119	15669	16031	16514	17041	17457	17769	19601
621	2421	6903	7912	10012	12597	13134	14300	14693	15120	15677	16033	16523	17043	17461	17774	19623
642	2432	6907	7917	10020	12599	13141	14301	14703	15123	15680	16034	16530	17051	17463	17789	19624
663	2437	6910	7920	10039	12603	13160	14311	14717	15124	15681	16049	16534	17059	17469	17810	19630
673	2461	6912	8582	10042	12609	13161	14314	14723	15127	15683	16053	16537	17067	17481	17820	19647
687	2462	6919	8583	10059	12621	13187	14331	14730	15134	15684	16057	16543	17069	17487	19143	19651
689	2472	6937	8590	10062	12624	13193	14344	14733	15147	15687	16067	16549	17073	17490	19150	19654
697	2493	6941	8593	10067	12627	13200	14347	14740	15150	15690	16080	16551	17087	17500	19154	19660
699	2510	6949	8601	10072	12634	13864	14350	14741	15171	15691	16090	16557	17094	17501	19163	19661
710	2519	6997	8603	10082	12637	13881	14351	14760	15180	15693	16091	16567	17099	17504	19173	19664
723	2562	7007	8607	10089	12650	13890	14353	14799	15189	15694	16099	16579	17100	17509	19177	19667
731	2573	7051	8611	10091	12684	13897	14359	14803	15194	15700	16107	16581	17107	17510	19179	19670
769	2590	7057	8622	10100	12693	13919	14360	14807	15197	15701	16113	16593	17114	17514	19184	19673
771	2593	7059	8623	10102	12702	13931	14363	14809	15203	15704	16121	16603	17117	17517	19190	19717
787	2613	7063	8629	10107	12707	13934	14377	14817	15204	15709	16129	16604	17119	17534	19197	19720
813	2630	7073	8632	10111	12724	13939	14380	14827	15210	15714	16131	16607	17120	17544	19203	19733
882	2632	7082	8639	10132	12730	13943	14389	14833	15214	15724	16133	16609	17127	17547	19207	19734
892	2633	7087	8661	10159	12731	13961	14393	14834	15219	15729	16134	16610	17129	17549	19209	19741
899	2643	7093	8671	10170	12732	13967	14394	14839	15241	15731	16143	16614	17140	17550	19220	19747
932	2659	7102	8690	10173	12739	13970	14397	14841	15243	15734	16151	16619	17154	17553	19227	19750
982	2667	7109	8692	10179	12743	13979	14399	14861	15250	15739	16153	16624	17157	17554	19229	19751
990	2769	7112	8711	10181	12750	13980	14400	14863	15271	15740	16154	16630	17159	17559	19233	19754
993	2980	7121	8723	10182	12752	13989	14419	14864	15283	15744	16164	16634	17163	17560	19234	19757
1010	2992	7123	8730	10200	12753	13994	14421	14867	15289	15761	16171	16657	17173	17561	19243	19760
1032	2997	7151	8741	10209	12754	13999	14431	14869	15290	15764	16181	16684	17174	17570	19253	19761
1039	3012	7153	8750	10220	12760	14014	14437	14870	15291	15770	16184	16700	17181	17571	19269	19773
1059	3141	7161	8758	10222	12763	14017	14440	14891	15300	15777	16187	16704	17197	17573	19270	19793
1060	3152	7181	8771	10231	12767	14019	14444	14897	15301	15783	16220	16724	17203	17577	19271	19800

The Debentures specified above are to be redeemed for the said Sinking Fund at Citibank, N.A., Receive and Deliver Department, 111 Wall Street, The City of New York, State of New York, and the main offices of Citibank, N.A. (formerly First National City Bank) in Amsterdam, Brussels, Frankfurt/Main, London, Milan, Paris, Rome, or Citibank (Luxembourg) S.A., Luxembourg, as the Company's paying agents, and will become due and payable on May 15, 1982 at the redemption price of 100 per-cent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date.

For MONSANTO INTERNATIONAL N.V.
By CITIBANK, N.A. (formerly FIRST NATIONAL CITY BANK), Trustee.

April 13, 1982

WORLD STOCK MARKETS

Quiet morning on Wall St

STOCK PRICES were marginally higher at mid-session as the market settled into a narrow range to await first-quarter corporate results and a reduction of international tensions.

The Dow Jones Industrial Average was up 0.57 at 841.89. The NYSE All Common Index was up 14 cents at $66.90. Volume was 26.97m shares.

Analysts said investors were primarily optimistic about stock prices in the short term but were wary of buying in the midst of domestic and international uncertainty.

No clear trends emerged in trading and most issues showed only fractional price changes, with companies in takeover situations the exception. Holly Sugar was the biggest gainer, up $4½ to $48. Holly's chairman recently said he was considering a leveraged buyout of the firm.

Outlet Company dropped $3½ to $31⅜ after news that Coca-Cola broke off talks to acquire it.

Tosco rose ¼ to $12⅞. A dissident shareholder plans to wage a proxy battle to elect five nominees to the board.

Hanna Mining fell $1¾ to $34½. Norcen Energy is offering $45 a share for 42.7 per cent of Hanna, but the bid is tied up in court.

Crompton and Knowles fell $1⅜ to $13½ after projecting a sharp drop in first-quarter earnings and Warner Communications added ⅜ at $55⅝ in heavy trading after reporting higher first-quarter results.

THE AMERICAN SE Market Value Index was 2.28 higher at 275.16 on volume of 2.7m shares.

Canada

Toronto stocks moved up by mid-session, with the Composite index up a slight 0.6 points to 1,624.1 on volume of 2m shares.

Gains were led by Gold issues, which advanced 33.2 to 2,373.2 after being under pressure on Monday.

Advances led declines 162 to 120 and eight of the 14 indices were higher. However, the interest rate-sensitive Real Estate and Construction issues fell 155.3 to 3,979.9.

Oil issues kept up their strong advance, gaining 19.7 to 2,879.8.

Among actives, Dome Petroleum gained ¼ to C$10¼ and Gulf Canada was up ⅛ to C$14⅜. Nova of Alberta was unchanged at C$6⅜ and Hiram Walker Resources was also unchanged at C$16¼.

A firmer gold price offered support to Gold issues. Carolin Mines gained ⅛ to C$10¼ and Campbell Red Lake Mines was up ¼ at C$16¼.

Closing prices for North America were not available for this edition.

Tokyo

Share prices closed lower on scattered selling across a broad front, with investors generally adopting a "wait-and-see" attitude. The Nikkei Dow market average shed 27.89 at 7,252.93 on volume of 180m shares. The Stock Exchange Index eased 1.49 to 531.81.

Initially prices ruled higher, following Monday's firmer close, but then turned down and Sumitomo Metal Mining fell the Y100 limit to Y1,090, followed by other non-ferrous metals.

Hitachi rose Y15 initially on its forecast of increased recurrent profit for the year ended last month, but drifted lower later in a featureless market to finish up Y4 at Y591. Other Heavy Electric Machine Makers closed lower after a higher opening.

Light Electricals, Shipbuilders, Construction companies, Paper Pulp makers, Shipping Lines and Real Estates eased, with Matsushita down Y17 to Y942, Sony Y30 to Y3,320 and Mitsui Shipbuilding Y9 to Y176. The second market ended slightly higher.

Toyota Motor lost Y10 at Y836 and Nissan Motor Y2 at Y716 on their production cutback plans, but other Motors were mixed.

Hong Kong

The market closed near its lows with early gains pared by late profit-taking.

Prices generally edged higher in the morning, led by Blue Chips and attributed to spill-over support from last week which was a reaction to the satisfactory annual results announced by big groups.

However, trading was quiet and subdued on lack of fresh incentive. The Hang Seng Index rose 3.59 to 1,210.45.

Leaders finished mostly higher, with Jardine Matheson rising 40 cents to HK$16.50, HK Bank 20 cents to HK$15, Swire Pacific "A" 10 cents to HK$10.90, HK Land 5 cents to HK$6.85 and HK Electric 5 cents to HK$5.20. Cheung Kong was unchanged at HK$18 and Hutchison Whampoa down 10 cents to HK$14.40.

Australia

The market moved higher in very light trading, aided by three hydro carbon flows. The All Ordinaries Index was up 3.3 points at 472.2. Resources gained 4.6 at 347.1 and the Oil and Gas index 8 at 405.9.

Oil flows at Dullingari No. 27 and Yellowbank Creek No. 2 wells and a gas flow from Burke No. 3 generated Oil sector activity but volume was low.

Santos, with 50 per cent of Dullingari and Burke, rose 20 cents to A$4.50, while CSR, which holds 30 per cent of both these Cooper Basin wells through Delhi, rose 3 cents to A$3.15.

Among Miners, CRA improved 5 cents to A$2.60, as did MIM, to A$2.75, while Western Mining was 5 cents higher at A$3.60.

BHP was up 8 cents at A$7.44, Bank of New South Wales was steady at A$2.70, ANZ was unchanged at A$3.75, and National picked up 3 cents at A$2.48. Hooker rose 1 cent at A$1.02, and Myer eased 2 cents to A$1.30.

Germany

Prices held their early firmer tone despite the absence of large-scale buying but many closed off their day's highs.

The Commerzbank Index added 2.9 at 727.6. In Banks, Dresdner rose DM 2.70 to DM 167.50, Deutsche DM 1.20 to DM 287.50 and Commerzbank DM 0.90 to DM 154.30.

In Chemicals, Bayer added DM 1 at DM 127.80, Hoechst DM 1.90 at DM 125, and Ruetgers DM 9.50 at DM 343, inspired by a big foreign order.

Metallgesellschaft, which traded sharply lower last week before staging an erratic recovery on Thursday, closed DM 2 lower at DM 308, unchanged from the opening, on minimal turnover.

In Steels, Thyssen reached DM 91.40 before slipping to close up DM 0.40 from Thursday at DM 90.90. Kloeckner-Werke eased DM 0.20 to DM 69.50 and Hoesch shed DM 0.20 to DM 25.90.

In Engineerings, GHH shed DM 2.20 to DM 190 and KHD DM 1 to DM 175.50, but Mannesmann was up DM 0.60 at DM 152 and Deutsche Babcock rose DM 5.10 to DM 209.60.

Paris

Share prices were narrowly mixed with an easier bias in thin trading as many operators stayed away from the market on the first day of trading after the Easter break.

There were no major new factors affecting general market sentiment.

Cars were among higher sectors, with Peugeot rising FFr 5 to FFr 175.8 and Valeo rising FFr 6 to FFr 226, after news of a rise in French new car registrations in March.

Johannesburg

Gold shares drifted lower during the afternoon after a firm opening, with the market awaiting a fresh lead from bullion.

On small turnover, Randfontein fell R1.75 to R55.5, Pres Steyn R1.50 to R30.75, and Buffels 75 cents to R33.25, while a few issues held at their higher levels after initial mark-ups. In Diamonds, De Beers was steady at R5.25.

Indices

NEW YORK —DOW JONES

	April 12	April 8	April 7	April 6	April 5	April 2	1982 High	1982 Low	Since Cmpil'n High	Since Cmpil'n Low
● Industr'ls	841.32	842.94	838.35	838.55	835.55	839.57	882.52 (4/1)	795.47 (8/3)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.52	58.38	58.21	58.17	58.22	58.25	66.55 (10/3)	56.57 (12/2)	—	—
Transport..	347.47	348.84	344.58	341.27	339.14	338.84	389.48 (7/1)	314.56 (8/3)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	110.85	110.52	110.48	110.24	110.16	110.20	118.52 (8/4)	103.81 (18/1)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	48,780	60,180	55,130	43,300	46,900	59,800	—	—	—	—

● Day's high 847.39 low 836.32

Ind. div. yield %	April 12	April 3	Mar. 26	Year ago (Approx)
	6.61	5.84	6.84	5.54

STANDARD AND POORS

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Schlitz	934,000	15½	+ ⅛
ATT	626,400	54¼	− ½
Beatrce Fd.	505,300	20	− ⅛
Exxon	506,900	28½	—
Am Airline	487,000	15⅞	− ⅛

Monday	Stocks traded	Closing price	Change on day
Texaco	458,000	29⅞	—
K. Mart	428,600	19⅛	+ ⅜
Plan Res'ch	420,100	7¼	− ⅜
IBM	388,200	62½	− ⅛
Citicorp	386,000	27⅝	− ⅜

COMMODITIES AND AGRICULTURE

Confidence low among vegetable growers

By Our Commodities Staff

LOW PRICE rises for processed vegetables this season reflect the generally low level of confidence in the UK industry, according to the Processed Vegetable Growers' Association.

After some of the most protracted discussions for many years canners agreed to pay vining pea growers, who received no increase at all for the 1981 crop, between 12.5 per cent and 15 per cent more, the Association said yesterday. The quick-freezing companies meanwhile negotiated increases averaging just under 7 per cent.

Fixed-price contracts had probably achieved better returns over the past five years than market-linked contracts, but on average even the best fixed-price contracts showed returns of less than 3 per cent on capital employed, the Association said.

At a recent meeting the PVGA board said there was a need for growers and processors to work together to improve the market without putting further pressure on the housewife's purse.

U.S. expects to sell more beef

WASHINGTON—The UK's ban on imported Argentine beef, and tight beef supplies in Europe, have stimulated interest in U.S. high quality beef, said Mr James Lennon, European director for the Meat Export Federation.

"If the U.S. dollar/sterling conversion does not worsen, the U.S. should increase its sales activity under the EEC's high quality beef quota" Lennon said.

Argentina sold about 72,000 tonnes of fresh chilled, frozen, canned and cooked beef to the UK during 1981.

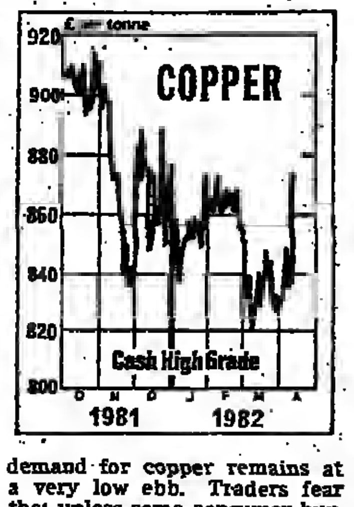
Strawberry crop may be reduced

By Our Commodities Staff

THE UK Strawberry Growers' Association warned yesterday of a shortage in the coming season. There will be a shortage of strawberry plants bearing full crops this year because plant sales were poor in 1980-81, it said.

London copper market moves further ahead

BY JOHN EDWARDS, COMMODITIES EDITOR



COPPER rose strongly again on the London Metal Exchange yesterday. High-grade cash copper closed £14.75 up at £874 and the three months quotation was £16.75 higher at £902 a tonne. In late kerb trading three months rose further, reaching £907 close to the peak of £908 reached earlier in the day when the market breached £900 for the first time since February.

Main influence behind the rise, which started on Thursday just before the market closed for the Easter holiday, was the decision by Phelps Dodge, the second biggest U.S. producer, to close all its U.S. mines for at least six weeks, or until prices recover.

This triggered off a general increase in U.S. producer price quotations and an upward trend in the New York (Comex) copper market. The rise in London yesterday was further encouraged by worries over the failure to find a settlement of the Falklands Islands crisis and the consequent increase in gold.

However, a rise in copper stocks held in LME warehouses lifting total holdings by 825 tonnes to 132,200 tonnes provided a timely reminder that demand for copper remains at a very low ebb. Traders fear that unless some consumer buying interest emerges the price rise may be difficult to sustain. At the moment the gloomy outlook for the U.S. economy does not suggest that a resurgence in demand for copper is imminent, especially in view of continuing high interest rates discouraging stock rebuilding.

Other metals followed the initial advance in copper and the subsequent decline, but failed to make the final rally. Lead was particularly depressed by news that LME warehouse stocks jumped by 6,625 tonnes to a total of 79,550 tonnes—the highest level since October 1980. Cash lead closed £4.25 down at £333 a tonne, after having been some £10 higher in early trading.

Aluminium stocks fell (by 800 tonnes to 199,725 tonnes) for the first time since last December. The steady build up in aluminium stocks held in LME warehouses started a year ago when holdings were below 500,000 tonnes, and no one would be surprised if stocks rose above 200,000 tonnes again shortly.

Tin stocks were also down by 450 tonnes to 38,960 tonnes, but values closed marginally lower. The market continues to be influenced mainly by support buying, believed to be on behalf of the buffer stock of the International Tin Council. The decline in the Penang market over the weekend was a depressing influence.

Zinc stocks fell by 575 tonnes to 61,650 tonnes. Market prices were unable to maintain early gains.

Nickel stocks rose by 708 tonnes to 2,268 tonnes, and LME silver holdings increased by 150,000 ounces to 33,330,000 ounces.

Warning over battery hen costs

FINANCIAL TIMES REPORTER

COMMON MARKET proposals to change rules governing battery cage egg production would cost British producers an extra £160m and increase shop prices by about 20 per cent, it was claimed by Mr David Linnell, chairman of the Eggs Authority.

He said welfare changes being considered by the European Parliament could even jeopardise a sufficient supply of UK produced eggs.

"I feel it is my duty to point out the implications for the industry and the general public," he said.

One proposal to increase floor space per bird from 450 sq cm—which is common in the UK—to 600 sq cm would mean finding additional housing for about 20m hens in Britain, and cost more than £160m, he said.

Mr Ted Kirkwood, chairman of the British Egg Industry Council, said: "This cost would have to be passed on to the housewife in the form of substantially higher prices and might well jeopardise a sufficient supply of UK produced eggs.

"If legislation is introduced before 1995, the cost will be even more dramatic, as much more equipment will have to be destroyed before the end of its useful life."

The producers, in a letter to every Euro-MP, warned that too much space in battery cages can lead to aggression. "The industry is concerned at the arbitrary nature of the proposals and the lack of modern scientific evidence to confirm any real welfare benefit compared with current practice, which has evolved over several decades."

Mr Kirkwood said the industry welcomed regular reviews of welfare practices and these were paramount in their minds "since effective production is so dependent on the welfare of the bird."

The battery cage system had evolved because it meant birds could be kept in the best condition, free of disease and producing constant supplies of high quality, clean, fresh eggs.

"The British poultry industry accepts that common standards are necessary in the EEC providing they are economically viable and practically based, and uniformly applied."

But, some UK producers might not be able to meet the cost of change and might go out of business. "This will lead to shortages in supply which, together, with increased costs, will mean a very high increase in the cost of eggs to the consumer."

Sugar near to three year low

By Our Commodities Staff

SUGAR VALUES came under renewed pressure yesterday with the London daily raws price falling £4 to £141 a tonne, its lowest level since Autumn 1978. On the London futures market meanwhile the August position fell £1.50 to £151.575 a tonne.

Dealers attributed the decline to speculative selling as there were no new fundamental factors to affect prices.

The sugar market has been depressed for some time because of expected overproduction in the current season. The latest estimate, issued last week by London trade house Woodhouse, Drake and Carey, put the 1981/82 surplus at 3.35m tonnes over forecast consumption of 90.75m.

In Peking, the China News Service said China's main sugarcane region of Guangdong is expected to produce a record crop of over 1.3m tonnes in the 1981-82 refining season, against 1.01m last year, reports Reuter. Provincial output to the end of March totalled 1.22m tonnes.

The rise in production is due to an increase in area under cane to 210,000 hectares, 40,000 more than last season, and to greater efficiency and good weather, the agency said.

Coconut hybrid for Philippines

MANILA — President Ferdinand Marcos has approved massive planting of high-yielding hybrid coconuts in the northern Philippine province of Ilocos Norte.

Mr Rolando dela Cuesta, Philippine Coconut Authority (PCA) chairman, proposes to start the planting programme for the hybrid called Mawa, in the province in early May.

An initial 3,000 hectares will be allocated for planting the hybrid, a cross of Malaysian yellow and West African trees, which can produce a maximum of 4 to 5 tonnes of copra per hectare six years after planting.

A little more than 1 tonne is the present national average of coconut farms in the Philippines, the world's top producer and exporter of copra and coconut products.

Mr Dela Cuesta said experiments in Ilocos Norte, where tobacco has traditionally been grown, surpassed results of pilot farms in the southern Philippines and coastal areas.

U.S. GRAIN SURPLUS

Loans help boost export drive

BY NANCY DUNNE

WHEN AN Omaha, Nebraska, bank last month announced that it had agreed to finance a Soviet purchase of 50,000 tonnes of maize, it was making public what may be the first of a succession of loans by U.S. farm credit banks.

The Reagan Administration has no solution beyond export expansion for stemming its mounting surpluses, so American-financed sales to the Soviets have been endorsed by the Department of Agriculture (USDA).

Until Congress last year changed a Federal law, the 37 banks within the Farm Credit System (FCS) had been prohibited from financing agricultural exports. Lack of export financing put at a disadvantage the farmer co-operatives in the system along with individual farmers, fishermen and ranchers.

Making foreign loans to promote American exports is just one way in which the 66-year-old farm credit system has been expanding its functions in an effort to help keep cost-credit squeezed farmers afloat. The system has been growing at a rate of about 20 per cent a year. It plans to provide short-term financing for foreign customers—individuals rather than countries—and long-term money for large capital investments for foreign purchasers of farmer co-op goods.

The system's head, Donald E. Wilkinson, governor of the Farm Credit Administration, the independent federal agency responsible for supervising the system, has been plotting a global strategy both to expand exports and to attract investors in the system's bonds. He has been seeking closer ties with farm credit banks in Europe with the idea of luring them into co-financing ventures, and he foresees the possibility of raising funds on the international money markets.

Foreign buyers of the system's bonds are now limited to purchasing no more than 10 per cent of an issue. The governor is hoping to design instruments to attract foreign buyers which will be sold overseas.

Although the system may provide competition in a small way for the European export credit subsidies the Reagan Administration keeps attacking, its funds are private rather than government-sponsored loans. The FCS was established by Congress, which provided seed money, but that has been repaid, and the farm banks are now owned by their borrowers who elect the boards of directors and appoint administrators.

The system does, however, retain special privileges granted by a friendly Congress. It has unlimited access to the U.S. money markets where it sells its bonds 16 times a year. It has a top credit rating because the problems which plague the savings and loan institutions were avoided when Congress in 1971 granted it permission to institute a "variable interest rate programme." Borrowers are charged a rate based on the average cost of existing and newly sold bonds.

The FCS supplies about one-third of all credit used by farmers and two-thirds of all used by co-operatives. It consists of: 12 federal land banks which finance 500 federal land bank associations; 12 federal intermediate credit banks and their retail outlets; 424 production credit associations; and 13 banks for co-operatives. The latter were founded because local commercial banks were unwilling to finance new ventures for farmers who they felt were lacking in business experience.

With the Reagan Administration tightening credit advanced by the farmers home loan administration, which serves the nation's neediest farmers, the farm credit system is more important than ever to the depressed agricultural sector. However, the system may now be in for government-sponsored difficulties.

The Office of Management and Budget (OMB), concerned about the high rate of Government borrowing, is considering proposals which would limit the system's growth. Under OMB prodding, the USDA is studying several proposals which would ultimately hurt the farm sector. The proposals include: restriction on the amount of farm credit securities which can be held by national and state commercial banks, disallowing credit union and savings and loan investment in farm credit securities, removing the tax exempt status of the farm banks.

While officials claim they are not overly concerned about OMB recommendations they do say there is little question that if they are put into effect the results would be devastating, not only to the system but to American agriculture.

Governor Wilkinson has responded to the threat with his own study of guidelines to limit all federal borrowing. If any change is suggested by the Administration that we think can jeopardise our access to the money markets, then we want to show them how serious this can be, he said.

World grain production estimate unchanged

WASHINGTON — The U.S. Department of Agriculture (USDA) has maintained its estimate of total world grain production in the 1981-82 season at a record 1,682m tonnes, 4.5 per cent above last year. The figure is unchanged from its estimate last month.

The USDA world crop report noted that prospects have improved in Brazil and Mexico while the crops in South Africa and Argentina have deteriorated over the past month.

World wheat production in 1981-82 will set a record at 452m tonnes, down marginally from last month, but 3 per cent above last year, the USDA said. It made a slight downward revision for the wheat crops in Eastern Europe and Pakistan.

The 1981 Soviet grain crop estimate was kept at 175m tonnes, the same as in March, despite unofficial statements that have indicated a crop 10 to 15m tonnes lower. No official crop estimate has been released

BRITISH COMMODITY MARKETS

BASE METALS

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £870.00, three months £901.00, 02.00, 01.50, 01.00, 899.00, 98.50, 98.00, 99.00, 98.50, 98.00, 97.50. Cathodes, £892.00. Kerb: Higher grade three months £897.00, 96.50, 97.00, 97.50. Afternoon: Higher grade, three months £899.00, 99.50, 900.00, 900.50, 01.00, 01.50, 02.00, 03.00, 04.00, 03.50, 05.00, 02.50, 03.00, 02.50. Kerb: Higher grade, three months £906.00, 05.00, 06.00, 05.50, 07.0, 08.00, 07.00. Turnover: 23,300 tonnes.

Three months £7350, 55, 57, 58, 60. Afternoon: Standard, cash £7140, three months £7370, 60, 70, 65, 60, 55, 60. Kerb: Standard, three months £7360. Turnover: 1,420 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3065-8	+54	3085-95	-12.5
3 months	5115-7	-55	3145-50	-1.9

LEAD · ZINC · ALUMINIUM · TIN · COPPER tables [illegible]

GRAINS

Old crops opened slightly higher, new crops unchanged. Old crops found general buying. New crops enrasting continued buying against some profit-taking and hedge selling, Acli reports.

SILVER

COFFEE

COCOA

SOYABEAN MEAL

GAS OIL FUTURES

RUBBER

POTATOES

MEAT/VEGETABLES

SUGAR

LONDON DAILY PRICE—Raw sugar £141.00 (£145.00) a tonne cif April-May shipment.

COTTON

WOOL FUTURES

PRICE CHANGES

In tonnes unless otherwise stated.

Monday's closing prices

NEW YORK — April 12. Precious metals came under pressure because of talks of a peaceful solution to the Argentinian crisis. Producer price increases and a stronger pound-sterling pushed copper prices higher. Sugar was lower because of expectations of quotas on U.S. imports. A late rally in the cattle live...

May 855.2, July 873.9, Sept. 892.8, Dec. 920.7, Jan. 930.1. Handy and Harman bullion spot: 725.50 (752.00).

Sugar—No. 11. May 10.28-10.30 (10.44). July 10.55-10.58 (10.71). Sept. 10.84-10.89, Oct 11.05, Jan. 11.30, March 11.93-11.95, May 12.15-12.19, July 12.33-12.39.

EUROPEAN MARKETS

ROTTERDAM, April 13.

PARIS, April 13

INDICES

FINANCIAL TIMES

MOODY'S

DOW JONES

REUTERS

Market sentiment again dominated by Falklands dispute

Leading equities weak but Gilts hold relatively steady

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 28	Apr 29	May 10
Apr 30	May 13	May 14	May 24

* "New time" dealings may take place from 9.30 am two business days earlier.

The Falkland Islands crisis continued to dominate sentiment when trading resumed on London stock markets yesterday after the long Easter recess. Conditions remained thin and sensitive; this applied particularly in the equity sectors and leading shares sustained a fairly sharp setback. Gilt-edged, in contrast, presented a more stable performance helped by sterling's steady to firm showing.

Leading industrials opened two or three pence lower and, with buyers showing marked reluctance, quotations fell away further on light selling. A recovery program around mid-day fizzled out as reports of problems arising in the negotiations for a peaceful solution to the Falklands dispute filtered through to the market. As a result, the tone turned distinctly easier in the late afternoon and final quotations were near the day's lowest.

Measuring the trend, the FT 30-share index opened 4.8 down at the 10 am calculation and eased further to record a fall of 9.1 an hour later. The loss was reduced to 6.9 at 1 pm before the index relapsed to close 8.7 down at 551.6, after having recorded its lowest of the day, 550.9, at 3 pm. The setback took place in an extremely low volume of business and mainly reflected marking down as dealers attempted to find a trading level.

Quotations of Gilt-edged securities were no worse than mixed at the close of business. Long-dated stocks recovered to last Thursday's closing levels on small investment buying after showing initial falls of ½. The trend later turned a little easier and final prices recorded falls generally ranging to ¼. Exceptionally, medium-dated low-coupon stocks edged up by ¼, while short-dated issues closed a fraction higher in places. The Government Securities index eased 0.06 to 66.70.

Banks dull

Reflecting revived fears that the bank's substantial Argentinian assets might be frozen, Lloyds fell 8 to 418p. The other major clearers were similarly affected with Barclays and Midland also closing 8 down, at 440p and 308p respectively; NatWest shed 6 to 410p. A 9 per cent rise in annual earnings reported by Bank of Scotland was deemed rather disappointing and the shares retreated 10 to 413p. Elsewhere, details of a £17.88m acquisition left Charterhouse unaltered at 80p, while recent speculative favourite First National Finance Corporation relinquished 1½ to 37½p.

With the exception of Minet, which firmed a couple of pence to 171p, after 173p, in response to the good results and proposed 50 per cent scrip-issue, Insurances succumbed to the quietly dull trend. Still unsettled by disappointing underwriting statistics announced by two major companies last week, Composites lost further ground. Sun Alliance declined 8 further to 802p, while Royals relinquished 6 to 334p and General Accident 4 to 373p. Eagle Star gave up 4 to 373p following the annual report. Elsewhere, awaiting preliminary trading statements due today, Hambro Life lost 6 to 283p and Pearl softened 2 to 404p.

Leading Breweries succumbed to small offerings and finished at the day's worst. Whitbread gave up 5 to 98p, while Grand Metropolitan, 207p, and Bass, 218p, fell 6 apiece. Arthur Guinness fell 3 to 79p.

The Building sector succumbed to further light selling on higher interest rate fears, Blue Circle losing 6 to 448p and Tarmac 4 to 466p. Barratt Developments shed 7 to 264p, while Taylor Woodrow, preliminary results due tomorrow, eased 5 to 525p. Burnett and Hallamshire, a volatile market last week, gave up 10 to 725p, but renewed demand in front of tomorrow's annual results left Feb International 2 dearer at 86p. Further demand in the wake of the good annual results helped Benford Concrete Machinery to rise a couple of pence to 66p.

After opening a shade easier, ICI met occasional small selling and closed 4 down on balance at 316p. Fisons lacked support and shed 5 to 295p, but Coates Brothers, still responding to the preliminary results, added 2 more to 72p. Elsewhere in the Chemical sector, Novo Industries B gained 4 points to £116.

Stores lower

Press comment highlighting the adverse effects of the current recession on consumer spending prompted early falls among leading Stores. Selling pressure was not sustained however, and most finished a shade above the day's worst. Gussies A eased 6 to 490p, after 488p, while Burton recovered from 175p to end only 3 cheaper on balance at 177p. Secondary counters were again irregular. Empire continued to attract support in front of next Wednesday's full-year results and touched 90p before settling for a net gain of 4 at 86p. Other mail-orders trended lower and Grattan, 106p, and Freemans, 138p, gave up 2 apiece. Among electrical retailers, Currys dipped 4 to 172p, while Dixons Photographic shed 5 to 163p. R. & J. Pullman added a couple of pence to 58p following a favourable Press mention.

In Shoes, Ward White, a firm market of late following the annual figures, eased 3 to 61p on profit-taking, but a Press mention lifted Stylo 7 to 112p.

Light selling after an initial mark-down left the Electrical leaders with falls ranging to 7. Plessey lost that much to 370p, while GEC softened 4 to 801p after 798p. Racal cheapened a few pence to 375p and Thorn EMI 2 to 428p. Notable casualties among secondary issues included Lec Refrigeration, 10 easier at 220p and Eurotherm, 7 off at 358p. In a restricted market, Piezo plummeted 20 to 85p. Against the trend, Automated Security added 8 to 208p following an investment recommendation.

Among the dull Engineering leaders, Hawker fell 10 to 298; the annual results are scheduled for next Wednesday. John Brown fell 2½ to 54p, Vickers 3 to 157p and GKN 4 to 152p. Elsewhere, Northern Engineering Industries cheapened 1½ to 58½p following results in line with market expectations. Ash and Lacy came on offer and fell 7 to 293p, while Davy Corporation shed 5 to 134p. W. A. Tyzack, on the other hand, put on 3½ to 19½p following an investment recommendation. Victor Products (Wallsend) rose 10 to 140p and Molins improved a few pence to 161p. Danks Gowerton hardened a penny to 42p in response to the reduced half-year deficit and the resumption of an interim dividend payment.

Against the trend in quietly dull Foods, J. Sainsbury improved 5 to 565p; the annual results are due soon. Huntley and Palmer shed 3 to 94p following adverse Press comment, while British Sugar lost 5 to 435p and Northern Foods 2 to 158p. Albert Fisher were quoted at 35p ex rights, down a penny, with the new nil-paid shares at 15p premium.

A good market in the latter half of last week on bid hopes, Brent Walker attracted fresh support and added 2 more to 57p. Queens Moat Houses were quoted at 27½p ex rights with the new nil-paid Ordinary at 1p premium; the 10½ per cent Convertible closed 5 points down at £110 ex the capitalisation issue, while the new nil-paid Convertible opened at £1½ premium and closed at £2 premium.

Channel Tunnel slump

Week-end publicity given to a Government report condemning the proposed "channel link" brought about a collapse in the Channel Tunnel share price, which plummeted to 70p before closing a net 42 down on the day at 58p. Elsewhere in miscellaneous industrials, Cawoods cheapened 7 to 290p on profit-taking in the absence of further news of the bid approach. Charles Hill of Bristol, reflecting the second-half improvement, closed 18 to the good at 110p, while Press comment prompted improvements of 3 and 4 respectively in Maurice James, 26p, and Stanelco, 40p. Down 50 last week on the profits warning and boardroom shakeout, Sothebys rallied 10 to 300p on recovery hopes. Braby Leslie put on 3 to 88p as did Changes Wares, to 18p.

Continuing to draw strength from the recent good first-half results, Glaxo hardened 2 afresh to 584p, but other leaders drifted lower on concern about the unresolved Falklands Islands crisis. Unilever gave up 7 to 613p and Beecham 4 to 230p. Despite favourable Press comment, Metal Box softened 2 to 144p.

Henlys, up to 113p in immediate response to the appointment of Mr Tony Ball as chief executive and managing director, reacted to close a net 6 lower at 108p on profit-taking reflecting fading bid hopes. Other BL distributors also trended lower; Lex Service eased a couple of pence to 106p, while Kenning lost the turn to 81p.

Leading Properties encountered a certain amount of selling at the outset on fears about higher interest rates. Thereafter, quotations traded quietly around the lower levels. Land Securities closed 5 cheaper at 278p and MEPC 3 off at 210p. Great Portland Estates gave up 6 to a 1982 low of 170p. Elsewhere, Daejan shed 4 to 175p and Fairview Estates 3 to 100p, but Hardanger, dealt in the Unlisted Securities Market, improved a couple of pence to 118p following a Press mention. Second City Properties held at 51p; Labofuod has reduced its stake in the company to 17.9 per cent.

Reports that Saudi Arabia is considering cutting production to check the downward pressures on world oil prices made no apparent impact on leading oils which closed with modest losses following a quiet business. Small selling left Shell 4 cheaper at 390p and British Petroleum a couple of peoce off at 290p. Burmah softened a penny to 131p awaiting today's preliminary results, while Clyde, annual results due tomorrow, closed 5 down on balance at 100p, after 97p. Moray Firth lacked support and dropped 5 to 25p, while Global Natural Resources, a strong market last week on speculative buying, reacted 40 to 790p.

Investment Trusts continued to reflect lower values elsewhere in equities, the biggest reaction being seen in split-capital stocks. Triplevest Capital, 345p, and Dualvest Capital, 455p, both eased 10, while City and Commercial Capital gave up 7 to 285p.

Movements of note among Textiles were usually attributable to Press comment. Trafford Carpets were outstanding at 20p, up 5, while gains of around 3 were noted for Atkins Brothers (Hosiery), 65p, Illingworth Morris, 21p, and John Crowther, 22p.

Renewed concern about the company's Argentine interests left Bats 8 cheaper at 402p.

Golds easier

Lack of interest led to a quiet day in mining markets. South African Golds closed showing minor falls after having moved narrowly in subdued trading throughout the day.

A late rally in the bullion price—finally $2.75 up on balance at $356.75, after $351 in the early dealings—failed to encourage any significant buying interest and closing levels were usually the day's lowest.

The Gold Mines index lost 3.2 to 256.6—a fall of 19 points over the past three trading days.

In the heavyweight issues, price changes were minimal with losses generally restricted to ¼, as in Randfontein, £23¼, Buffels, £16½, and St Helena, £13¾.

The renewed weakness in UK equities prompted persistent small selling of London-registered Financials which also closed at the day's lowest.

Rio Tinto-Zinc gave up 10 to 412p ahead of the 1981 results, due tomorrow, and despite the continued strength of copper prices on the London Metal Exchange.

Gold Fields mirrored the performance of Golds and dipped 7 to 388p. Charter Consolidated lost 3 more to 205p.

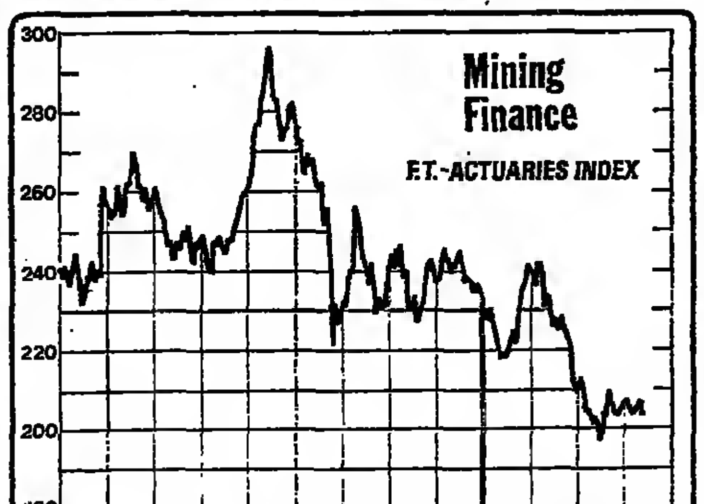
South African Financials sustained widespread falls with "Johnnies" a full point lower at £26, Transvaal Consolidated Land ¼ off at £19 and "Amgold" ½ cheaper at £32½.

Rand London Corporation gave up 2 more to 68p on further consideration of the poor first-half results.

Ireland's Silvermines hardened a penny to 64p reflecting favourable weekend Press mention.

Leading Australian issues made modest progress but turnover continued at a low ebb. Western Mining and MIM Holdings edged up 3 apiece to 215p and 163p respectively while Renison put on 2 to 140p.

The paucity of business in London equity markets was fully reflected in Traded Options in which only 795 deals were arranged—the lowest total so far this year and well below last week's daily average of 2,099. Only Imperial attracted a reasonable amount of activity, contributing 217 calls to a total of 598.



FINANCIAL TIMES STOCK INDICES

	April 13	April 8	April 7	April 6	April 5	April 2	A year ago
Government Secs	66.70	66.76	67.11	66.63	67.65	68.34	69.25
Fixed Interest	67.33	67.33	67.47	67.53	68.67	69.74	71.10
Industrial Ord	551.6	560.3	561.3	553.0	559.9	571.0	548.8
Gold Mines	256.6	259.8	272.4	275.6	271.5	257.4	341.4
Ord. Div. Yield	5.67	5.60	5.60	5.67	5.59	5.60	5.87
Earnings, Yld.% (full)	11.35	11.16	11.36	11.32	11.17	10.98	11.61
P/E Ratio (net) (*)	11.03	11.19	11.03	11.11	11.27	11.46	10.79
Total bargains	15,658	16,058	18,111	29,258	24,282	25,018	22,750
Equity turnover £m.	—	94.38	135.04	205.85	136.19	170.62	117.07
Equity bargains	—	11,419	14,714	26,183	21,185	23,058	15,517

10 am 555.5. 11 am 551 2. Noon 553.1. 1 pm 553.4. 2 pm 553.3. 3 pm 550.8.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.15.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.56 (23/3)	61.88 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.74 (2/4)	62.79 (7/1)	150.4 (28/11/47)	50.65 (3/1/75)
Ind. Ord.	579.8 (29/1)	518.1 (5/1)	687.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.9 (9/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	April 8	April 7
Daily Gilt Edged Bargains	164.0	186.9
Equities Bargains	74.0	95.3
Equities Value	190.8	279.9
5-day Avrge. Gilt-Edged Bargains	193.8	196.1
Equities Bargains	185.1	144.6
Equities Value	300.0	332.9

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+or-	Net div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	AIM Group 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Amersham	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cambrian & Gen. Tst.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Daw (George)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Greenfriar Warrants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gto Technology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hitech Holdings 20p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jebsens Drilling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Leisure Inds.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oceonics 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Osprey Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	P. H. Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Standard Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Zambia Cons Cpr WK	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Barclays 16% Ln.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Boddingtons Brew 9½% Cnv.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Water 9% Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cred. Fonc. de France	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	First Nat. 12½pc Conv. Uns. Ln. 1997	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hunting Pet. 10% Cnv. Ln. 1997	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Int. Bank 14½ Ln. 1987	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley 9½% Red. Prf. 1986	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide Bdg. Soc. 14¾%	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Queens Moat 10% Cnv.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rowan 11½% Cum. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trans-Canada Pipelines 16½% Notes	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ansbacher (H.) 5p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Beazer (C. H.) 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Clyde Petroleum	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Energy Finance 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	First Castle 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hunting Pet. Services	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	M.L.H.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Queens Moat	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Riley Leisure	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	St. George's Grp. 10p	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Security Centres	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Shaw & Marvin 10p	[illegible]	[illegible]
10	F.P.	24/3	23/4	12½	Sturla 10p	10½	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ★★ Unit comprising five ordinary and three Cap shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BAT Inds.	402	−8	Henlys	108	−6
Cawoods	290	−7	James (Maurice)	26	+3
Channel Tunnel	58	−42	Lloyd's Bank	418	−8
Cons. Gold Fields	388	−7	Minet	171	+2
Empire Stores	86	+4	NatWest Bank	410	−6
Global Nat. Res.	790	−40	RTZ	412	−10

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Glaxo	20	582	+12	Cawoods	10	297	+17
Unilever	13	620	+4	Driefontein	10	£11½	−¼
Shell Trans.	12	394	+10	Fisons	10	300	−3
ICI	11	320	—	RTZ	10	422	+7
BICC	10	317	+2	Sotheby P.B.	10	290	−50
BP	10	292	+4	BAT Inds.	9	410	−8
Smtt & Hallam	10	735	+60	GEC	9	805	−2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 5	Apr 26	July 15	July 26
Apr 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23

For rate indications see end of Share Information Service

Money was given for the call in Smith Brothers, Pennine Commercial, Premier Oil, Charterhouse Petroleum, Rock Darham, Lasmo, William Press, First National Finance, Automotive Products, Metal Box, Sound Diffusion, ICL and Lonrho. A put was done in Woolworths, while doubles were taken out in Lasmo, ICI and Premier Oil.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (26)

AMERICANS (5): American Express, I.B.M. Corp., Bank America, Saul (B. F.), Citicorp

CANADIANS (2): Bell Canada, Imperial Oil

BANKS (2): Algemene, Ottoman Bank

BUILDINGS (1): Benford Conc. Mach.

CHEMICALS (3): Coates Brothers, Novo Inds. A/S B, Do. A N-V

STORES (1): Pullman (R. & J.)

ELECTRICALS (1): Motorola

ENGINEERING (1): Victor Products

HOTELS (1): Brent Walker

INDUSTRIALS (3): Applied Computer, Wills (George), James (M.) Inds.

INSURANCE (2): Alex. & Alex., Alex. Alex. 11pcCnv.

NEWSPAPERS (2): Assoc. News., Daily Mail A

TEXTILES (2): Sunbeam Wolsey, Trafford Carpets

NEW LOWS (54)

BANKS (3): Bank of Scotland, Midland Bank, Manson Finance

STORES (3): Bakers Hshld. Strs., Owen Owen, Heelamal

ELECTRICALS (1): BSR

ENGINEERING (3): Brotherhood (Peter), R.H.P., Hawker Siddeley

HOTELS (1): Queen's Moat

INDUSTRIALS (7): A.A.H., Metramec Jentique, English China Clays, Sidlaw, Gleves, Swedish Match, Hartons

INSURANCE (1): Hambro Life

MOTORS (1): Herman Smith

PROPERTY (6): Austmark, Land Inv., Control Secs., Land Securities, Great Portland, MEPC

SHIPPING (2): Mersey Dock Units, Milford Docks

TEXTILES (2): Dawson Int., Toray

TRUSTS (18): Anglo-Int. Div., Gen. Investors, Border & Southern, N. Throg. N. Wts., Crescent Japan, River Plate Def., Danae Cap., Romney Trust, Drayton Far Eastern, Technology, Fulcrum Cap., Tribune Inv., G.T. Japan, M. & G. Group, Murray Northern, Mexico Fund, Do. B, Utd. Comp. & Tech.

OIL & GAS (1): Moray Firth

OVERSEAS TRADERS (2): Mitchell Cotts, Ocean Wilsons

MINES (3): Rand London, Pancontinental, Minefields Ex.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	19	33	41
Corpns. Dom. and Foreign Bonds	12	8	56
Industrials	114	351	878
Financial & Props.	32	173	304
Oils	17	38	52
Plantations	3	1	19
Mines	21	46	84
Others	46	60	48
Totals	263	710	1,481

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues April 13 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs April 8 Index No.	Wed April 7 Index No.	Tue April 6 Index No.	Mon April 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	359.38	−0.9	10.09	4.43	12.27	362.75	362.07	357.04	365.23	340.69
2	Building Materials (23)	319.60	−0.9	13.86	5.38	8.66	322.43	323.65	315.77	325.71	307.94
3	Contracting, Construction (28)	582.02	−1.1	15.10	4.97	7.83	588.25	584.63	577.44	594.99	576.48
4	Electricals (31)	1254.07	−0.8	7.42	2.36	17.24	1264.78	1264.49	1254.08	1275.86	1085.25
5	Engineering Contractors (9)	483.19	−1.4	13.36	6.07	0.72	489.86	486.66	479.16	496.91	478.81
6	Mechanical Engineering (67)	187.70	−1.2	12.22	6.06	9.95	189.98	189.72	187.11	190.85	216.27
8	Metals and Metal Forming (11)	156.77	−0.9	10.65	7.56	11.94	158.25	158.28	155.19	158.83	178.63
9	Motors (21)	93.39	−1.0	2.51	7.18	—	94.29	93.14	92.19	94.10	101.78
10	Other Industrial Materials (18)	366.26	−0.6	9.79	5.77	12.45	368.43	365.30	357.28	368.51	371.02
21	CONSUMER GROUP (201)	293.85	−1.2	12.67	5.70	9.67	297.41	297.42	293.21	299.48	272.59
22	Brewers and Distillers (21)	294.22	−2.3	16.06	6.64	7.51	301.01	300.97	295.46	301.38	293.22
25	Food Manufacturing (22)	268.88	−1.0	15.92	6.74	7.57	271.62	272.06	266.21	272.31	252.25
26	Food Retailing (14)	592.10	−0.2	9.09	3.38	13.43	593.29	591.43	588.83	600.93	534.20
27	Health and Household Products (8)	398.85	−0.9	8.58	4.06	13.57	402.37	401.28	396.48	401.66	298.48
29	Leisure (24)	440.60	−1.4	10.15	5.16	12.28	446.77	444.67	440.88	450.33	424.18
32	Newspapers, Publishing (12)	532.71	+0.4	10.83	3.88	12.44	530.60	532.78	530.74	537.63	486.81
33	Packaging and Paper (14)	143.43	−0.1	15.45	7.41	7.58	143.56	143.33	142.63	144.25	155.03
34	Stores (45)	268.48	−1.2	10.60	4.99	12.63	271.71	272.00	268.92	275.93	266.83
35	Textiles (23)	169.34	−0.8	9.75	5.92	13.32	170.66	170.18	168.95	172.85	158.40
36	Tobaccos (3)	306.79	−1.8	19.97	8.50	5.70	312.52	315.10	305.91	313.12	251.02
39	Other Consumer (15)	289.46	−0.1	1.74	5.46	—	289.73	289.46	287.28	295.27	286.32
41	OTHER GROUPS (78)	251.43	−0.8	13.38	6.19	9.01	253.53	252.94	249.83	255.39	230.75
42	Chemicals (16)	328.70	−1.3	13.67	7.04	8.73	333.11	333.28	329.75	333.45	277.56
44	Office Equipment (4)	122.22	−0.8	13.17	7.03	9.24	123.28	123.27	121.32	125.79	121.40
45	Shipping and Transport (13)	558.09	−0.8	19.05	6.62	6.25	562.58	561.78	554.42	570.00	626.28
46	Miscellaneous (45)	321.62	−0.4	11.54	5.10	10.61	322.76	320.85	316.64	325.73	295.05
49	INDUSTRIAL GROUP (487)	310.90	−1.0	11.83	5.30	10.37	314.19	313.88	309.55	316.38	282.70
51	Oils (13)	690.05	−0.9	18.48	8.39	6.31	696.16	683.59	667.87	672.82	795.64
59	500 SHARE INDEX	341.77	−1.0	12.90	5.80	9.40	345.30	344.82	338.77	345.46	332.97
61	FINANCIAL GROUP (117)	249.56	−1.0	—	6.56	—	252.11	252.55	250.32	253.67	256.42
62	Banks (6)	263.21	−1.9	39.86	6.12	2.74	268.30	270.14	264.97	264.15	250.87
63	Discount Houses (9)	222.94	+0.1	—	9.73	—	222.76	224.63	218.87	225.20	301.39
65	Insurance (Life) (9)	265.83	−0.5	—	6.65	—	267.03	264.75	264.32	263.28	266.17
66	Insurance (Composite) (10)	156.36	−1.0	—	9.05	—	157.95	156.09	157.59	158.95	164.41
67	Insurance Brokers (7)	479.85	−0.7	10.98	5.22	12.42	483.09	481.21	472.52	479.76	358.35
68	Merchant Banks (12)	148.55	—	—	5.62	—	148.48	149.35	148.01	151.77	158.34
69	Property (49)	434.73	−1.0	5.02	3.50	26.62	438.96	442.83	436.08	452.45	407.21
70	Other Financial (15)	173.79	−0.3	18.80	6.56	6.37	174.26	174.34	173.04	178.35	171.18
71	Investment Trusts (112)	288.73	−0.8	—	5.58	—	291.03	290.87	287.44	296.83	304.85
81	Mining Finance (4)	203.42	−2.0	16.65	6.99	7.29	207.59	205.53	204.33	205.98	232.83
91	Overseas Traders (17)	368.66	−0.9	14.20	0.63	8.60	372.04	372.50	370.05	381.26	466.45
99	ALL-SHARE INDEX (750)	317.90	−1.0	—	5.99	—	321.19	320.34	315.98	322.08	316.75

FIXED INTEREST

	PRICE INDICES	Tues April 13	Day's change %	Thurs April 8	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	110.00	+0.12	109.90	0.03	2.92
2	5-15 years	107.94	−0.08	108.08	0.16	4.00
3	Over 15 years	110.95	−0.17	111.97	0.83	3.87
4	Irredeemables	116.09	−0.54	116.73	—	1.62
5	All Stocks	109.26	−0.05	109.62	0.31	3.58
6	Debentures & Loans	85.43	−0.38	85.69	—	3.51
7	Preference	63.60	+0.04	63.57	—	2.52

	AVERAGE GROSS REDEMPTION YIELDS		Tues April 13	Thurs April 8	Year ago (approx.)
	British Government				
1	Low	5 years	12.39	12.46	11.68
2	Coupons	15 years	13.05	13.07	12.17
3		25 years	13.08	13.05	12.28
4	Medium	5 years	14.51	14.49	13.17
5	Coupons	15 years	14.28	14.24	13.70
6		25 years	13.83	13.80	13.42
7	High	5 years	14.46	14.41	13.39
8	Coupons	15 years	14.42	14.40	13.92
9		25 years	14.02	13.97	13.61
10	Irredeemables†		12.96	12.88	11.47
11	Debs & Loans	5 years	15.37	15.39	14.00
12		15 years	15.13	15.07	14.40
13		25 years	15.03	15.00	14.40
14	Preference†		15.48	15.49	14.42

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
● Corrected index and yields for April 8.

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.0	237.9	+0.2	—
Equity Fund	50.3	53.0	+0.1	—
Property Acc.	264.2	278.2	+0.4	—
Equity Acc.	48.2	50.8	+0.2	—
Selective Fund	145.8	153.6	+0.3	—
Money Fund	164.3	173.0	+0.2	—
Convertible Fund	176.3	185.6	+0.2	—
Prop. Fd. Ser. 4	208.7	219.7	+0.3	—
Equity Ser. 4	53.9	56.8	+0.1	—
Man. Ser. 4	194.9	205.2	+0.4	—
Money Ser. 4	149.2	157.1	+0.3	—
Conv. Ser. 4	149.3	157.2	+0.3	—
Fixed Int. Fd. Ser. 4	113.0	119.0	+0.2	—
American Ser. 4	113.7	119.7	−0.4	—
High Inc. Ser. 4	114.9	121.0		—
Pension Property	313.7	330.3	+0.5	—
Pension Equity	274.0	288.5	+0.7	—
Pension Selective	146.5	154.3	+0.3	—
Pension Managed	285.4	300.5	+0.5	—
Pension Security	217.3	228.8	+0.6	—
Pension Fixed Int.	109.2	115.0	+0.1	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	312.9	329.3	+1.4	—
Fixed Int. Acc.	188.7	198.7	−0.2	—
Gtd. Money Fd. Ac.	154.1	162.2	+0.1	—
Intl. Man. Fd. Acm.	146.3	154.0	+0.2	—
Intl. Fxd. Int. Fd.	108.1	113.7	−0.1	—
Prop. Fd. Acc.	158.1	166.4		—
M'ple Inv. Acc.	246.4	259.3	+0.6	—
Equity Pen. Fd. Acc.	427.7	450.2	+2.4	—
Fixed I. Pen. Acc.	299.5	315.2	−0.2	—
G'td. Mon. Pen. Acc.	211.5	222.6	+0.3	—
Intl. Mn. Pn. Fd. Acc.	169.2	178.1	+0.2	—
Prop. Pen. Acc.	207.7	218.6	+0.1	—
M'ple Inv. Pen. Acc.	355.2	373.9	+1.1	—

AMEV Life Assurance Ltd.
2-4, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	193.0	203.4	.....	—
Money Fd.	141.4	148.9	.....	—
Equity Fd.	148.9	156.9	.....	—
Fixed Int. Fd.	93.9	98.9	.....	—
Property Fd.	146.2	154.1	.....	—
Managed Pen. Fd.	170.3	179.4	.....	—
Equity Pension Fd.	99.6	105.0	.....	—
Fixed Inc. Pens. Fd.	119.3	125.7	.....	—
High Yield Pens. Fd.	119.1	125.5	.....	—
Money Pension Fd.	110.5	116.4	.....	—
Property Pension Fd.	109.3	115.2	.....	—
Flexiplan	122.0	128.6	.....	—
AMEV/Framlington				
American & Gen. Fd.	140.9	148.5	.....	—
Income Fd.	135.0	142.3	.....	—
Intl. Growth Fd.	147.0	154.9	.....	—
Capital Fund	136.4	143.7	.....	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Barclaybonds	168.9	177.8	−0.5	—
Equity	166.6	175.4	−0.5	—
Gilt-edged	129.4	136.3	−0.4	—
International	106.9	112.6	+0.2	—
Managed	145.5	153.2	−0.4	—
Money	132.6	139.6	+0.2	—
Property	174.7	183.9	+0.1	—
Man. Pens. Accum.	172.0	181.1	+1.7	—
Do. Initial	149.8	157.7	−0.3	—
Gilt Edg. Pens. Acc.	155.8	164.0	+2.1	—
Do. Initial	131.3	138.3	+1.7	—
Money Pens. Acc.	159.0	167.4	−0.1	—
Do. Initial	135.0	142.2		—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.	181.68			
Managed Inv. Fd.	131.20	138.11	.....	—
Property Fd.	135.72	142.82	.....	—
Fixed Interest Fd.	115.64	121.73	.....	—
Cash Fd.	125.59	132.20	.....	—
Income Fd.	124.18	130.72	.....	—
Extra Income Fd.	123.09	129.57	.....	—
Worldwide Growth Fd.	143.13	150.67	.....	—
Balanced Fd.	130.22	137.08	.....	—
Smlr Co's & Recy. Fd.	126.56	133.23	.....	—
Int. Technology Fd.	144.26	151.86	.....	—
Nth. Amer. & Gen. Fd.	98.74	103.94	.....	—
Energy Int. Fd.	80.32	84.55	.....	—
Pacific Basin Fund	90.35	95.11	.....	—

Canada Life Assurance Co.

Crown Life
Crown Life Hse., Woking GU21 1XW 04862 5033.

Dist. Fd. Incm.	109.5	115.2	−0.1	10.40
Mang'd Fd. Acc.	151.9	159.8		—
Mang'd Fd. Init.	134.8	141.8	+0.1	—
Mang'd. Fd. Incm.	123.3	129.7		8.25
Property Fd. Acc.	130.3	137.1	+0.2	—
Property Fd. Init.	115.9	121.9	+0.2	—
Property Fd. Incm.	102.0	107.3	+0.1	7.10
Fixed Int. Fd. Acc.	133.0	140.0	−0.2	—
Fixed Int. Fd. Incm.	97.7	102.8		13.05
Equity Fd. Acc.	151.1	159.0	−0.1	—
Equity Fd. Init.	134.7	141.7	−0.1	—
Equity Fd. Incm.	129.4	136.2	−0.1	5.25
Inv. Tst. Fd. Acc.	156.9	165.1		—
Inv. Tst. Fd. Init.	139.5	146.8	−0.1	—
Inv. Tst. Fd. Incm.	133.2	140.2		2.55
Money Fd. Acc.	129.7	136.5	+0.1	—
Money Fd. Incm.	92.6	97.4	+0.1	13.75
Inter'l. Fd. Acc.	134.7	141.7	+1.5	—
Inter'l. Fd. Incm.	118.8	125.0	+1.5	4.30
High Income Acc.	122.1	128.5	+0.9	—
High Income Inc.	102.2	107.5	+0.7	10.10
PE Coroner Fd.	111.1	137.9	.....	—
Carr Sebag Inv. Fd.	131.3	138.2	.....	—
Brewin Equity Fd.	155.4	163.5	.....	—
Strategic Inv. Fd.	99.7	104.9	.....	—
Beaufort Man. Fd.	95.1	100.1	.....	—
St. George Mangd. Fd.	108.4	114.1	.....	—
Lincs & Gen. Fd.	120.9	127.[illegible]	.....	—
Sage Fd.	85.0	[illegible]	.....	—
Heritage Fd.	96.3	[illegible]	.....	—
DBS Managed	103.6	109.[illegible]	.....	—
Crown. Brit. Inv. A.	217.0		.....	—
Pens. Mixed. Fd.	142.0	147.[illegible]	.....	—
Pens. Mang'd. Acc.	106.0	[illegible]	.....	—
Pens. Mang'd. Init.	102.9	[illegible]	.....	—
Pens. Equity Acc.	94.9	[illegible]	.....	—
Pens. Equity Init.	92.1	[illegible]	.....	—
Pens. Fxd. Int. Acc.	105.6	[illegible]	.....	—
Pens. Fxd. Int. Init.	102.6	[illegible]	.....	—
Pens. Money Acc.	106.1	[illegible]	.....	—
Pens. Money Init.	103.1	[illegible]	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N4DJ 488 2323

Growth Prop April 16	104.1	114.4	.....	—
Managed Pens Mar 10.	111.91	117.80	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	74.4	77.2	.....	6.17

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	179.1	188.5	−0.2	—
Higher Inc. Fund	116.0	122.0	−0.8	—
Property Fund	188.0	197.8	+0.2	—
Fixed Interest Fund	135.1	142.2	−0.2	—
Index Linked Secs Fund.	93.2	98.1	−0.1	—
Gtd. Deposit Fund	133.5	140.5	+0.2	—
Nth. America Fund	105.6	111.1	.....	—
Far East Fund	82.9	87.2	+0.1	—
International Fund	97.0	102.1	−0.1	—
Mixed Fund	160.8	169.2	−0.5	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	179.9	189.3	.....	—
Ind. Pen. Property	139.1	146.4	.....	—
Ind. Pen. Fixed Int.	133.3	140.3	.....	—
Ind. Pen. Index Lk. Scs.	104.6	110.1	.....	—
Ind. Pen. Overseas	141.7	149.1	.....	—
Ind. Pen. Cash	131.3	138.2	.....	—
Ind. Pen. Balanced	146.8	154.5	.....	—
Ind. Pen. Dep. Admin.	131.1	137.8	.....	—

Prices at March 11. Next settlement April 15. Group Pension Funds—Prices Available On Request.

G.T. Management Ltd.
16, Finsbury Circus, London, EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund.	98.6	103.8	+0.2	—
GT Pln High Yld Fnd.	90.9	95.7	+0.3	—
GT Plan Far East Fnd	85.7	90.3	+0.1	—
GT Pln N Am Fund	99.3	104.5	+1.3	—
GT Pln UK&G.E. Fnd	94.4	99.4	+0.7	—
GT Pln Wrldwde Fnd.	88.1	92.8	+2.4	—
GT Pension Bnd Fnd.	97.9	103.1	+0.3	—
GT Pen High Yld Fd.	94.7	99.7	+0.4	—
GT Pen Far East Fd.	86.9	91.5	+0.2	—
GT Pen N. Am. Fd.	101.2	106.6	+2.6	—
GT Pen UK & G.E. Fd.	95.3	100.4	+0.7	—
GT Pen Worldwide Fd.	88.4	93.1	+2.3	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	135.5	142.7	.....	—

Legal & General (Unit Assur.) Ltd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU.

Legal & General Prop. Fd. Mgrs. Ltd.
11, Queen Victoria St., EC4N 4TP.

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent.

Lloyds Life Assurance Ltd.
20, Clifton St., EC2A 4MX

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
97⅞	91½	Treasury 12pc 1984	96⅝	+⅛	12.45	13.74
104	96¾	Treasury 15pc 1985	101½	.....	14.78	14.30
97¼	89½	Exch. 12pc Cnv. '85	95	.....	12.63	14.12
80½	73½	Treasury 3pc 1985	78¼	.....	3.83	11.53
94⅞	87½	Treasury 11½pc 1985	92⅝	.....	12.42	14.40
96½	88⅝	Exch. 12¼pc 1985	94¾	+⅛	12.93	14.13
94⅞	86⅛	Exch. 11¾pc '86	92⅝	.....	12.69	14.27
75	69	Treasury 3pc 1986	74½xd	+⅛	4.03	10.89
94⅞	86¾	Treasury 12pc '86	92⅝	.....	12.96	14.39
89	80⅝	Treasury 8¼pc '84-86‡‡	87¼	.....	9.74	12.45
101⅛	91⅞	Exch. 14pc 1986	98⅝xd	.....	14.20	14.43
103¾	90	Exch. 13¼pc 1987	96	...	13.80	14.41
99⅞	84⅛	Do. A	95⅝	.....	13.86	14.52

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
82½	73¾	Funding 6½pc '85-87‡‡	78xd	.....	8.30	12.42
68¾	64½	Treasury 3pc 1987	67¼	+¼	4.51	11.73
98¼	85⅞	Treas. 12pc 1987	90xd	−¼	13.24	14.55
81½	72½	Treasury 7¾pc '85-88‡‡	79¾	.....	9.92	13.28
64	60⅛	Transport 3pc '78-88	62½	+⅛	4.87	11.90
90⅛	79⅞	Treasury 11½pc 1989	88	−¼	13.31	14.70
66¼	62½	Treasury 5pc '86-89	63¼xd	+⅛	7.90	12.89
98⅞	85⅞	Treasury 13pc 1990‡‡	96	−¼	14.00	14.55
93⅞	85⅝	Exch. 12½pc 1990	91	−¼	15.86	14.61
79¾	70⅛	Treasury 8¼pc '87-90‡‡	77¾	+¼	10.99	15.47
91⅞	77⅞	Treasury 11¾pc 1991	89	−¼	13.67	14.62
65	59⅞	Funding 5¾pc '87-91‡‡	63½xd	+⅛	9.08	12.84
89⅛	76⅜	Exch. 11pc 1991	82¼xd	.....	13.32	14.53
96⅝	81⅞	Treasury 12¾pc '92‡‡	93¼	−¼	14.11	14.61
82¼	70	Treasury 10pc 1992	79	.....	12.89	14.30
92⅝	80⅞	Exch. 12¼pc '92	89¼	−¼	13.98	14.59
98	88⅝	Exchequer 13½pc '92	94¾	.....	14.38	14.64
95¼	80⅞	Treasury 12½pc '93‡‡	92	.....	14.06	14.52
61⅞	56¼	Funding 6pc 1993‡‡	60¼	+⅛	10.04	12.91
104	88	Treasury 13¾pc 1993‡‡	100¼	.....	14.41	14.57
105	91⅞	Treasury 14½pc '94‡‡	101¼	.....	14.50	14.48
101½	86¼	Exchequer 13½pc 1994	93½xd	−¼	14.36	14.58
93½	80⅞	Exch. 12½pc 1994	90¼	.....	14.12	14.52
78⅝	66¾	Treasury 9pc '94‡‡	71½xd	−¼	12.45	13.67
91⅞	76½	Treasury 12pc '95	88⅛	−⅛	14.03	14.50
47⅞	42⅞	Gas 3pc '90/95	43xd	.....	6.95	11.54
82⅛	68½	Exch. 10¼pc 1995	78¼	.....	13.41	14.25
99⅞	83¼	Treasury 12¾pc '95‡‡	89⅞xd	−⅛	14.02	14.28
103½	86¼	Treas. 14pc '96	99¼	.....	14.49	14.56
74⅝	66⅝	Treasury 9pc '92/96‡‡	71½	−¼	12.72	13.77
114⅞	73	Treasury 15¼pc '96‡‡	104xd	−¼	14.55	14.45
102⅞	86	Exchequer 13¼pc '96‡‡	93xd	−¼	14.08	14.24
47	43⅝	Redemption 3pc 1986-96	43¾xd	.....	6.85	10.78
100½	83½	Treasury 13¼pc '97‡‡	96½	−¼	14.17	14.38
83¼	69⅝	Exchequer 10½pc 1997	79¾	.....	13.42	14.01

Over Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
73⅛	64	Treasury 8¾pc 1997‡‡	70	−¼	12.69	13.60
110⅞	94¼	Exch. 15pc 1997	102¾xd	−⅜	14.52	14.47
64	54½	Treasury 6¾pc '95-98‡‡	57¾xd	−¼	11.63	13.06
111⅛	99½	Treas. 15½pc '98‡‡	107	−¼	14.57	14.46
94⅞	78¼	Exch. 12pc 1998	85xd	−⅜	13.92	14.19
78½	66	Treasury 9½pc 1999‡‡	75¾	−¼	13.03	13.63
91⅞	81¼	Exch. 12¼pc 1999	87¾	−⅛	14.06	14.33
85⅜	71⅛	Treasury 10½pc 1999	77xd	−⅛	13.46	15.91
99⅝	82¼	Treas. 13pc 2000	95¾	−⅛	14.05	14.14
107	89	Treas. 14pc '98-01	102¾	.....	14.39	14.42
92¾	76½	Exch. 12pc '99-02	88½	−¼	13.99	14.14
103⅞	85⅞	Treas. 13¾pc 2000-03	99½	.....	14.26	14.26
88⅞	78¼	Treasury 11½pc '01-04	84½	−¼	13.74	13.88
38	33¼	Funding 3½pc '99-04	35½	.....	10.10	11.95
99⅞	81⅝	Treasury 12½pc '03-05	94¾	−¼	13.92	13.97
67¾	59¾	Treasury 8pc '02-06‡‡	64xd	−⅛	12.54	12.89
92¼	75⅞	Treasury 11¾pc 03-07	87½	−⅛	13.85	13.92
102	90	Treas. 13½pc '04-08	97½	−¼	13.95	13.95
49⅛	44¼	Treasury 5½pc '08-12‡‡	46½	.....	11.96	12.34
66	55⅝	Treasury 7¾pc '12-15‡‡	63	−⅛	12.63	12.76
98	81⅛	Exch. 12pc '13-'17	93½	−¼	13.41	13.42

Undated

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
32⅛	27⅜	Consols 4pc	30½	.....	13.46	—
30¼	26⅜	War Loan 3½pc‡‡	28⅝	−¼	12.92	—
34¼	31½	Conv. 3½pc '61 Aft.	31½	.....	11.16	—
23⅝	21	Treasury 3pc 66 Aft.	22½	.....	13.38	—
20¼	17¾	Consols 2½pc	19	.....	13.20	—
20	17⅝	Treasury 2½pc	18½	.....	13.58	—

Index-Linked & Variable Rate

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	99⅝	Treas. Variable '82§§	100	.....	13.28	13.02
100	99⅜	Do. Variable '83§§	99⅞	.....	13.30	13.32
49⅞	47½	Do. 2pc I.L. '88 (£50pd)	48¾	.....	2.08	2.64
106	93	Do. 2pc I.L. '96	98¾	.....	2.33	2.91
101½	86⅛	Do. 2pc I.L. '06	94¾	+¼	2.36	2.71
104	90	Do. 2½pc I.L. 2011	96¾	.....	2.61	2.70

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98½	92⅞	Finland 14½pc Ln 1986	96¾	−¼	14.98	15.63
97	93½	Int. Bank 5pc '77/82	96⅛	−¼	5.20	16.53
98	90⅝	Do. 13½pc Ln 1986	95¾xd	−¼	14.09	14.93
101⅛	94⅞	Mex 16½pc 2008	98	.....	17.19	17.52
97½	90¾	Sweden 13½pc 1986	95¾xd	−¼	14.09	14.93

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
92½	85	Bath 11¼pc 1985	90½	.....	12.43	14.76
96¼	89¼	Birm'ham 12½pc 1985	94½	+¼	15.23	14.71
99¾	87	Burnley 13pc 1987	96¾	+¼	14.13	15.29
90	81¼	Cardiff 11pc 1986	88¼	.....	12.50	14.71
99¾	98⅝	G.L.C. 12½pc '82	99¾	.....	12.53	14.52
98⅞	94⅞	Do. 12½pc 1983	097¾	.....	12.79	14.43
97⅞	94¼	Glasgow 9¼pc '80-82	97¼	+⅛	9.51	14.32
76½	67½	Herts 6¾pc 1985-87	73½xd	+¼	9.35	14.42
98	85	Leeds 13½pc 2006	91½xd	+½	14.83	14.86
93	87½	Liverpool 9¾pc '80-84	91⅞	.....	10.63	14.46
24¼	21½	D. 3½pc Irred.	22xd	+⅛	16.35	—
99½	95½	Lon. Corp. 13¼pc '83	98½	−¼	13.45	14.31
90	82¼	Do. 9¼pc '84-85	88	+¼	10.51	13.70
85¼	78¾	LCC 5½pc '82-84	84¼	.....	6.53	13.85
72¾	64¼	Do. 5½pc '85-87	68¼	+½	8.22	14.92
66½	56	Do 6¾pc '88-90	63	+¼	11.02	15.12
22¼	19½	Do. 3pc '20 Aft.	20¼	+¼	15.37	—
96½	90¼	Sunderland 12¼pc 1984	95¼	.....	12.86	14.39

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91⅛	85¼	Aust. 6pc 1981-83	91¼	.....	6.74	13.70
65¾	57	N.Z. 7¼pc 1988-92	64½	.....	11.61	14.36
84	74¾	Do. 7½pc '83-86	83	.....	9.31	13.77
150	136	S. Rhod. 2½pc Non-Ass.	148	.....	—	—
66	58	Do 3½pc 80-85 Assd.	64	.....	5.44	17.60
41	32	Do 4½pc 87-92 Assd.	38xd	−1	11.84	18.30
372	318	Zimbabwe Ann (£100pa)	330xd	.....	—	22.69

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
66	57⅛	Agric. Mt. 5pc '59-89	58	.....	8.80	15.83
29	24¾	Met. Wtr. 3pc 'B'	27¼xd	.....	11.16	13.63
110	103	U.S.M.C. 9pc 1982	110	.....	8.44	—
100	94	Do. without Warnts.	100	.....	9.32	—

LOANS—Continued

Financial

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100	95½	FFI 14pc '83	97½	.....	14.36	15.70
97	94	FFI(UK Fn)5½pcDb. '80-2	96½xd	.....	5.72	14.00
86	80	Do. 6¼pcDb. '81-84	85	.....	7.58	14.57
93	82½	Do. 10¼pc Uns.Ln. '86	91	.....	91	14.70
90	79	Do. 11pc Uns.Ln. '88	88	.....	12.93	14.25
91	78	Do 11¼pc Uns.Ln. '90	88½	.....	13.77	15.00
90	82	Do. 12¼pc Un. Ln. 1992	87½xd	.....	14.28	14.95
64½	54	Do. 7¼pcADeb. '89-92	61½	.....	12.25	15.03
60	53	Do. 7¼pcADeb. '91-94	57½xd	.....	12.60	14.80
70	62	Do. 9pc 'A' '91-94	67½xd	.....	13.46	14.93
67½	57½	Do. 8⅞pcLn. '92-97	65xd	.....	13.95	15.06

Building Societies

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	99⅛	Nat'wide 14¼pc 11.8.82	100	.....	14.34	14.53
100½	98¾	Do. 14¼pc 25.8.82	100	.....	14.42	14.59
101	99	Do. 15¼pc 29.9.82	100¼	.....	15.18	14.65
101⅞	99¼	Do. 16¼pc 27.10.82	101xd	.....	16.12	14.24
100⅞	99½	Do. 15½pc 24.11.82	100¼	−¼	14.43	14.85
101	99¼	Do. 15¼pc 13.12.82	100¼	−¼	14.44	14.86
101½	99¾	Do 16¼pc 17.1.83	101	.....	15.46	14.82
101¼	100	Do. 15⅛pc 7.2.83	100¼	.....	15.05	14.63

FOREIGN BONDS & RAILS

1982 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
85	65	Antofagasta Rly.	85	.....	10	f12.82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHERS

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 34

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FINANCIAL TIMES
Wednesday April 14 1982

FOREIGN EXCHANGE TRADING REDUCED BY DEBTS FEAR

East bloc banks' business cut

BY DAVID MARSH

BANKS from the Soviet Union and Eastern Europe, long renowned for their active foreign exchange dealing, have had to cut their operations on Western money markets as a result of growing worries about Eastern bloc debts.

A mixture of political and financial considerations has prompted some big U.S. banks to stop foreign exchange dealing over the past few months with the Moscow-based Soviet Foreign Trade Bank, which has traditionally been an aggressive and profit-oriented operator on the currency markets.

Other banks from the U.S. and elsewhere in the West have continued foreign exchange trading with the bank — normally known to dealers simply as "The Russian" — although often at a reduced level.

With many Western banks now reluctant to take on Eastern bloc risks in foreign exchange deals, these countries' well-publicised difficulties in raising longer-term credits have now spilled over into the short-term money markets, where several Eastern banks over the years have made large profits.

Poland's Bank Handlowy, which used to trade very large volumes 24 hours a day around the world, now carries out "only the most necessary business," according to one London banker.

The Romanian Foreign Trade Bank, which upset Western banks by delaying settlement of foreign exchange deals around the end of last year, has also been forced to cut back traditionally profitable short-term money dealings.

Increased awareness of eastern bloc risks in Western financial centres has also led to a reduction in gold and dealing by State-owned banks in Hungary and Czechoslovakia, which for years have had a reputation for large scale, often speculative precious metals dealing.

Following the Polish debt rescheduling and Romania's failure to meet foreign exchange obligations, "people think that a danger exists with all countries of the East," a Zurich banker commented yesterday. One dealer at a large U.S. bank in London said his bank's policy was: "Any bank with a tinge of red to them is branded as a 'No' in foreign exchange trading."

The dealing difficulties faced by some East European countries may have led them to channel more of their currency trading through the Swiss, according to some Western bankers.

Some bankers say the Russians are placing more of their foreign exchange with banks in Switzerland and France to lower the danger of a dollar assets freeze in the event of a major confrontation with the U.S.

The Hungarian International Bank in London, owned by the National Bank of Hungary, has suffered a 60 to 65 per cent fall in foreign exchange turnover over the past few months, with about 50 per cent of its normal dealing partners halting trading.

Mr Ted Bradshaw, the bank's assistant director and chief dealer, said business had started to pick up again this month "as people reassess the situation in East European countries."

The balance sheet had been "pretty stable" but the bank had had to put in more work to win deposits be said.

Dr Karel Prochazka, manager of the London branch of the state-owned Zivnostenska Banka of Prague, said his bank's daily short-term placements on the London money market had been reduced from between $100m and $130m in February to about $10m to $20m now.

The bank was, however, still covering its commitments.

Yugoslavia — which is not a member of Comecon — has also been affected. Mr Robert Holmes, chief dealer and deputy manager at the London Anglo Yugoslav Bank, which is owned by Barclays Bank, Manufacturers Hanover and eight Yugoslav banks, said: "Certain banks that may have had limits (to deal with us) before have become more careful.

"But once they're aware that Barclays is one of our parents, that certainly helps a lot."

Ballot bid to end Massey strike

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

MASSEY FERGUSON is organising a postal ballot to break the strike by 3,300 manual workers that threatens the future of its Coventry tractor plant.

Union officials last night described the move as "provocative," and urged workers to boycott the ballot, being conducted under the auspices of the Electoral Reform Society.

Mr George Getlevog, Coventry district organiser of the Transport and General Workers' Union, said: "The original cause of this dispute—redundancies—could be resolved around the conference table.

"The company is now trying to discredit the shop stewards and grind down the trade unions within the plant."

The strikers walked out in protest at the company's decision to dismiss 170 workers as part of a programme of 725 redundancies it insisted was necessary to make the plant internationally competitive.

The unions, which insist that work-sharing is an alternative, have barricaded the gates to the plant and refused entry to the 700 white-collar staff.

The company said last night that it had decided to hold a ballot because of the number of requests it had received from workers who wanted another mass meeting to vote for a return to work.

By noon on Saturday, the Electoral Reform Society should receive replies to the question: "Do you want there to be an immediate resumption of work with the company's redundancy and post-redundancy working arrangements implemented?"

Mr Getlevog said the reference to "post-redundancy working arrangements" would give the company a "blank cheque" to institute whatever work practices it required, regardless of the views of the unions. The men had already made considerable changes in order to raise productivity.

He maintained that considerably fewer than 100 jobs were in dispute. Work-sharing would be practical as an interim move until more applications for redundancy were forthcoming.

The company declined to discuss numbers last night, but pointed out that applications had to match the jobs to be lost.

The management, which in a letter to strikers last week questioned the motives of the shop stewards, clearly believes that a mass meeting would deliver a vote for a return to work.

Among union officials there is a growing belief that the company may have miscalculated the depth of feeling of the strikers and that any mass meeting will vote to continue the action.

A significant development is that control of the dispute has been taken by full-time union officials from the shop stewards.

All five unions involved are now seeking official backing for the strike, Mr Getlevog said.

At a hearing scheduled for the High Court today, Massey Ferguson will seek an injunction to end the blockade of the factory. The unions will contest the application. The company successfully employed such a device during a similar occupation in 1977.

Regaining possession of the plant will still leave Massey Ferguson with a strike which it has publicly warned puts at at risk at least 4,000 jobs in Coventry alone.

Continued from Page 1

Taiwan

sale of military equipment to Taiwan as a violation of the 1972 Shanghai communique, in which the U.S. acknowledged there was only one China, with Peking as its capital. The U.S. however, is committed to meeting Taiwan's defence needs under the 1979 Taiwan Relations Act.

The Administration announced in January that it had rejected a request from Taiwan for advanced fighters, but it would continue to supply aircraft "comparable" to those Taiwan possessed already. It would also extend the life of the joint U.S.-Taiwanese F-SE production line. This was the minimum Washington could do without appearing to have actually reduced the level of its military support for Taiwan.

Congress was notified informally of the spare parts deal in December. Formal notification has been delayed since then, pending the outcome of discussions with Peking.

The U.S., according to one report, has offered Peking a deal under which it could continue to supply Taiwan with its defence requirements at current levels, but cease all military sales if Peking and Taipei could reach a settlement

Continued from Page 1

Haig

ragement of other governments to follow suit.

While Mrs Thatcher is prepared for some sniping from the Opposition in Parliament today, her view seems to be that time is on Britain's side. The Government argues that its successful campaign for economic sanctions against Argentina — though there may be problems as to when the EEC's ban on Argentine imports shall come into effect—and the sight of its fleet steaming south will cause the Argentine junta "to come to its senses."

● Sr Roberto Alemann, the Argentine Economy Minister, announced that all imports from the EEC will be subject to individual licences. His Ministry seems to have decided to allow EEC imports to continue for fear of permanently damage to manufacturing industry dependent on imported components.

Over the past week, Banks in Buenos Aires have suffered heavy withdrawals of deposits, with consequent shirt-term support from the state-owned Banco de la Nación. Sr Alemann denied that controls on withdrawals or an emergency economic plan were under consideration, but said a mission WN8 to the U.S. to discuss Telex: 62x syndicated loans.

UK wins £465m Thai oil contract

BY RAY DAFTER, ENERGY EDITOR

TWO BRITISH subsidiaries of the U.S. Foster Wheeler design engineering group—have won a $820m (£465m) contract for an oil refinery expansion project in Thailand.

Foster Wheeler Energy and Foster Wheeler (Process Plants) won the contract, which is expected to bring more than $320m (£180m) worth of export orders to UK suppliers of plant, equipment and services. French companies are also expected to benefit from the contract.

The Thai Oil Refinery Company has appointed Foster Wheeler overall project managing contractor of a major expansion of a refinery at Sriracha, about 50 miles east of Bangkok on the Gulf of Thailand.

The contract comes within a fortnight of a £500m deal between Foster Wheeler Energy and Petrokemya, for the construction management of a petrochemicals complex at Al Jubail on the east coast of Saudi Arabia. The deal was Foster Wheeler Energy's biggest export contract.

Foster Wheeler's responsibilities in Thailand will include monitoring and co-ordinating construction work which will be carried out by a British/French venture comprising Technip and Procofrance of France and Davy McKee (Oil and Chemicals) of the UK.

These three companies have been appointed main contractors for the project, which should effectively double the refining capacity of the plant to about 120,000 barrels a day.

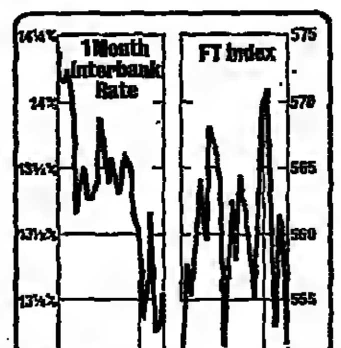
Foster Wheeler said the bulk of orders for hardware and services will go to industries in Britain and France in roughly equal proportions.

"But all the companies will have to compete on the basis of price, performance and delivery," said the group.

Foster Wheeler has been advising the Thai Oil Refinery Company since 1980. It carried out a feasibility study into the project and recommended four groups of international companies which were invited to tender for the construction contract.

City nervous on Falklands crisis

BY DAVID MARSH AND JOHN MOORE



INTEREST RATES edged up further yesterday on the London money markets and share prices fell as the City reacted with a fresh attack of nerves to the diplomatic impasse over the Falklands.

Sterling, however, had a steadier day against a generally weaker dollar, rising slightly in London to close at $1.7645, up 0.65 cents compared with the pre-holiday close on Thursday.

In contrast to the sometimes hectic trading last week, the currency markets were quiet but uneasy. Sterling's trade weighted index finished unchanged at 90.0. Dealers generally felt the Bank of England did not need to intervene although some detected a light "touch on the tiller" as sterling at one point touched a low of around $1.76.

On the money markets, the Bank raised its bill dealing rates for the third consecutive working day in line with higher market rates.

One- and three-month inter-bank interest rates rose ⅛ point to 13 5/16 and 13¼ per cent respectively.

The Bank of England gave slightly less help to the money market than needed to plug an estimated shortage of £400m. Generally matching increases in market rates, it raised its bill dealing rates in the longer-term trading bands by ⅛ and 1/16 point.

Shorter-term money rates remain well below the longer-term period rates, with depositors preferring to place their money short-term in the hope of profiting from interest rate rises later on.

The stock market was disquieted by the failure so far of diplomatic efforts to resolve the crisis. The Financial Times Industrial ordinary index, reflecting the price movements of 30 blue chip companies, fell 8.7 points in yesterday's trading to 551.6. At one stage during the afternoon's trading the index had fallen 9.4 points. Business volumes were low.

Encouraged by the pound's steadiness, long-dated Government securities recovered to around last Thursday's closing levels after showing initial falls of ½ point, although the trend eased later and final prices showed falls of up to ¼ of a point. Medium-dated low-coupon stocks edged up by ⅛, while some short-dated gilts closed a fraction higher. The Government Securities index fell by 0.06 points to 66.7.

EEC ban delay

Continued from Page 1

number of riders under the terms of Article 224 to allow for separate national measures by EEC member states.

Danish officials yesterday made it plain that Denmark will object to any measures relying on Article 113, although they will accept national measures under Article 224 alone as originally requested by the UK.

The ambassadors of the Ten need to agree the date on which the embargo comes into force and its duration. The Brussels Commission proposals include a 15-day limit on the ban on Argentine goods, but the UK is expected to argue for more flexibility.

European Commission officials point out that delays in settling the details of the embargo are likely to have little effect on Argentina's trade with the EEC, which is understood to be dwindling rapidly as a result of the uncertainty produced by the EEC states' Easter commitment to an imports ban.

Britain plans to use today's Brussels talks to review the position of its Community partners on granting export credits to Argentina. Most EEC states are understood to have suspended such credits, partly on commercial risk grounds. The UK is also advocating suspension of Argentina's preferential access under the Generalised System of Preferences to EEC markets, although only for "diplomatic" purposes.

BP likely to sell stake in Beatrice field

By Ray Dafter, Energy Editor

BRITISH PETROLEUM is likely to sell its 15 per cent stake in the Beatrice oil field

The move would mark a turning point in the UK offshore industry. Up to now major companies such as BP have been anxious to acquire oil producing properties. But the fall in demand has left the industry more relaxed about reserve acquisitions.

BP said yesterday that it had been approached by several potential buyers.

According to stockbrokers Wood, Mackenzie, BP's interest in the Beatrice field could be worth about £67m. The brokers recently reported that the inshore field was among the commercial discoveries worst hit by the changes in offshore taxation introduced in the Budget. The net present value of the field had been cut by 3 per cent from a pre-Budget figure of £460m.

He said it was in "conversation" with several companies. "This is not to imply any philosophy embracing the disposal of North Sea interests generally," BP said.

But it is thought that the company—one of the leading producers and licence holders in the North Sea—is keen to rationalise its interests to concentrate on the most attractive parts of its business. This policy is particularly apparent in the refinery and chemical businesses.

There are several reasons why BP might be willing to sell its stake in Beatrice. Compared with most of its other operations, its shareholding and influence in the field's operations are limited.

Production from Beatrice is also small when set against fields such as Forties, Magnus and Ninian in which BP has major interests. The field, commissioned in September, is expected to yield between 40,000 and 60,000 barrels a day at peak production.

BP says that recoverable reserves of Beatrice total 117m barrels. These are shared with BNOC (28 per cent), Deminex (22 per cent), Hunt Overseas Oil (10 per cent), and Kerr McGee (25 per cent). According to industry estimates, BP has a net equity interest in five commercial oil fields (Beatrice, Buchan, Forties, Ninian, and Magnus) providing the company with more than 1.8bn barrels of recoverable reserves.

Beatrice represents the least interesting field from BP's point of view. The company is the operator in three of the other discoveries—Buchan, Forties and Magnus—while the big Ninian field, where it has a 15.45 per cent stake, acts as a staging post for the pipeline carriage of oil from the Magnus field.

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Weather

UK TODAY

MAINLY DRY with scattered showers in some areas. Sunny intervals but generally cold.

London Central, S.E and W. England, Midlands, S. Wales
Cloudy with bright intervals and scattered showers. Max. 9C to 11C (48F to 52F).

N. England, N. Wales, Scotland, N. Ireland
Light showers, sunny intervals. Rather cold. Max. 7C to 9C (45F to 48F).

Outlook: Mainly dry with scattered rain in the North.

WORLDWIDE

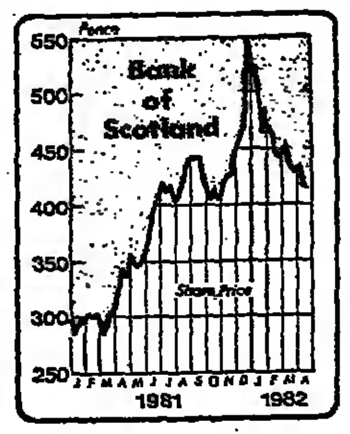
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	L. Ang.†	F	11	52
Algiers	C	21	70	Luxmbg.	F	4	39
Amsdm.	F	8	46	Luxor		—	—
Athens	S	20	68	Madrid	C	17	63
Bahrain		—	—	Majorca	C	14	57
Barclna.	C	13	55	Malaga	C	18	66
Beirut		—	—	Malta	C	22	72
Belfast	C	10	50	M'chstr.	C	10	50
Belgrd.	C	11	52	Melbne.		—	—
Berlin	Sl	5	41	Mx. C.†		—	—
Biarritz	B	10	50	Miami†		—	—
Bmghm.	C	7	45	Milan	C	10	50
Blackpl.	C	8	46	Montrl.†	R	3	37
Bordx.	S	11	52	Moscow	C	12	54
Boulgn.	C	5	41	Munich	F	3	37
Bristol	C	10	50	Nairobi		—	—
Brussels	F	6	43	Naples	C	17	63
Budpst.	C	9	48	Nassau		—	—
Cairo		—	—	Nwcstl.	C	10	50
Cardiff	C	9	48	N York†		—	—
Cas'b'ca	C	17	63	Nice	C	15	59
Cape T.		—	—	Nicosia		—	—
Chicg.†	C	8	46	Oporto	C	20	68
Cologne	C	5	41	Oslo	F	7	45
Cpnhgn.	S	7	45	Paris	C	6	43
Corfu	C	21	70	Perth		—	—
Denver†	C	4	39	Prague	C	6	43
Dublin	C	11	52	Reykjvk.	C	5	41
Dbrvnk.	C	16	61	Rhodes	F	22	72
Ednbgh.	C	13	55	Rio J'o†		—	—
Faro	F	18	64	Rome	C	19	66
Florence	C	15	59	Salzbrg.	Sn	3	37
Frankft.	F	6	43	S F'cisc†		—	—
Funchal		—	—	S. Moritz		—	—
Geneva	S	9	48	Singapr.		—	—
Gibraltar	C	19	55	S'tiago†		—	—
Glasgow	F	13	55	Stckhm.	C	4	39
G'nsey	S	7	45	Strasbg.	F	7	45
Helsinki	Sn	0	32	Sydney		—	—
H. Kong		—	—	Tangier	C	17	63
Innsbrk.	C	11	52	Tel Aviv		—	—
Invrnss.	C	11	52	Tenerife	C	19	66
I.o.Man		—	—	Tokyo		—	—
Istanbul	F	20	68	T'ronto†	R	5	41
Jersey	S	10	50	Tunis	C	21	70
Jo'burg		—	—	Valencia	R	12	54
L. Pims.	C	20	68	Venice	C	8	43
Lisbon	C	17	63	Vienna	C	9	48
Locarno	R	8	46	Warsaw	F	6	43
London	C	9	48	Zurich	F	4	39

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

THE LEX COLUMN

Bank of Scotland takes low road

Index fell 8.7 to 551.6



At the 1981 halfway stage pre-tax profits at the Bank of Scotland advanced by 23 per cent. And while the group said that it might be difficult fully to maintain the same rate of progress in the second half, this hardly rates as a forewarning of actual decline. After the profit sharing scheme, pre-tax profits for the year have emerged a bare 9 per cent higher at £47.2m. The dividend increase of 25 per cent at the interim stage has been scaled down to 20 per cent for the full year.

The second-half decline can be laid squarely at the door of the mainstream retail banking operation. In this period, while lending continued to expand, deposits actually declined slightly so the bank had to use wholesale funds to fill the gap and accept narrower margins. The unwinding of the effects of the civil servants dispute has been one cause, but it looks as if the bank is finding it difficult to attract seven-day deposits on its present terms. Other depressing factors have been the increase in home loans — effectively fine rate business — while a property revaluation has done nothing for the depreciation charge however much it has spiced up the capital ratios.

At the beginning of 1981, before all the excitement of the Royal Bank bid, the Bank of Scotland share price produced a yield of about ½ a percentage point above the average for the banking sector. Even though the share price has come down a long way from the speculative peaks, the current yield of 7½ per cent is a similar amount below the average. Results like this do little to justify the rerating. The shares fell 10p yesterday to 413p.

BP

The fact that BP is negotiating to sell its stake in a producing North Sea field — Beatrice — underlines the changed fortunes of the oil sector. The 15 per cent stake was bought for £32m from P & O as recently as 1979, and the field started production last September. Tax considerations form part of BP's motivation for wishing to make the disposal. With Forties, BP is paying top marginal tax rates of more than 90 per cent on much of its North Sea oil production. So minority stakes in medium-sized producing fields like Beatrice do nothing for its tax efficiency; it may be tempted instead to obtain capital allowances by buying interests in fields at a development stage.

But tax considerations are secondary. BP, excluding independently-run Sohio, is distinctly short of cash. Last year the company matched the shortfall by raising £624m from shareholders and running stocks down by a similar amount. This year there is much less to be squeezed out of working capital, while net debt is already standing at 37 per cent of shareholders' funds, a level which the company does not want to increase significantly. With equity costing — last year — £331m net to service in terms of dividend payments, the company has been running its eye over its more saleable assets. There may be more to come.

Up to now the carve up of North Sea interests has been confined to secondary stocks. But the entry of BP into the lists suggests that the reorganisation will be more fundamental still.

NEI

Northern Engineering Industries has clawed its way back above the profits level of 1978, pushing the pre-tax figure ahead by 28 per cent in 1981 to £33m. Over the past three years, though, the share capital is up by 50 per cent, and indeed 1981 earnings per share are a touch below the 1980 level (although the dividend has been raised by 10 per cent).

NEI's overseas businesses, especially South Africa, have been going very strongly, while in the UK the troubled transmission business has been pulled back to break-even and there is pleasing progress in power engineering. Amalgamated Power, in for the past five months — the acquisition was funded with NEI's £29m rights issue — contributed £1m or so, and should make something more like £4m this year.

Profits are now beginning to flow from the AGR contracts at Heysham at Torness, and the Parsons turbine business is very steady. The U.S. subsidiary Extel is set for lower earnings in 1982—but the group seems confident of recovery by next year when a hiatus in the order book has worked its way out. All in all, NEI gives the impression of a group moving in the right direction over most of its fields of activity, and there are other encouraging signs—apparent success at last in landing big overseas orders, and heavy spending (£38m last year) on the previously somewhat neglected capital account.

This year the group could make £43m pre-tax, with further progress towards £50m in 1983; a reasonable return on the capital employed by the expanded NEI, and a rate of profits growth that will rival some of the more cyclical recovery stocks in the engineering sector. The balance sheet is very strong, and current cost cover for the dividend, although skimpy, is improving. At 85½p, down 1½p yesterday, the shares stand on roughly 10 times prospective earnings on a notional full tax charge and yield 7.1 per cent.

Markets

Before the weekend it looked as though the British declaration of a 200-mile zone around the Falklands might bring the crisis to a head sooner rather than later, but another week of suspended animation now seems quite likely. So the financial markets spent another day sitting anxiously on their hands; equities took over from gilt-edged as the weaker sector, but the 8.7-point fall in the FT 30-Share Index took place in the thinnest of trading.

While the international picture—in the Middle East as well as the South Atlantic—looks increasingly stormy, encouraging UK economic news continues to build up and is very largely ignored. Yesterday a very satisfactory set of Government borrowing figures followed last week's wholesale prices and banking statistics, but received only scanty attention. Sterling held steady, but money market interest rates edged up again—the Bank of England's dealing rates on three-month bills have risen ⅛ point in a week as the discount houses, anxious to shorten their books, offer the paper cheaply. But the signal for a more general rise in rates has yet to be given.